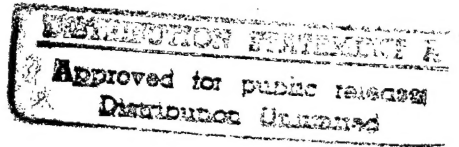


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# China Report

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18 January 1983

# CHINA REPORT

## ECONOMIC AFFAIRS

No. 302

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## NATIONAL POLICY AND ISSUES

### SHANGHAI CITES CHEN YUN ON ENLIVENING ECONOMY

OW210621 Shanghai City Service in Mandarin 1130 GMT 12 Dec 82

[Radio talk by (Ding Ning): "Bird and Cage"]

[Text] Comrade Chen Yun recently described the relation between enlivening the economy and implementing the state plan as that of a bird and a cage. Using this metaphor Comrade Chen Yun epitomized the experiences, both positive and negative, in carrying out economic work since the founding of the nation and further pointed out the correct path for enlivening the economy. In the past, the state had difficulties because of rigid and excessive control of the economy just like someone holding a bird with his hand and preventing it from flying. All this hampered our economic development.

Since the 3d Plenary Session of the 11th CPC Central Committee, the state has implemented the policy of enlivening the economy. A fine situation has prevailed in the economic sphere.

Comrade Chen Yun pointed out that efforts must be made to combat the trend of extricating oneself from the state plan. This instruction from Comrade Chen Yu is indeed timely. Ours is a socialist nation. We must enliven the economy while regulating the market under the guidance of the state's unified plan. All this is aimed at promoting the socialist modernization program.

Some people believe that the cage will limit the scope of enlivening the economy and that there will be little room to maneuver. This is a misconception. We believe that there must be some limits, but there will still be plenty of room to maneuver. Comrade Chen Yun said that the cage does not necessarily mean a province or a region. It might embrace provinces and regions. It might not necessarily mean one country. It might embrace nations or even continents. In addition, the cage itself also needs adjustments from time to time just as we revise our 5-year plan. Do you think that there is not enough room to maneuver in this cage?

Some people are also worried that the practice of enlivening the economy is only an expedient measure. After studying Comrade Chen Yun's talk, we fully realize that to enliven the economy is definitely not an expedient measure but a long-term policy of the party.

The new constitution adopted by the Fifth Session of the Fifth NPC explicitly stipulates that the state formulates the national economic plan on the basis of socialist public ownership and makes provisions for enlivening the economy. Naturally this is not an expedient measure. We will boldly let the bird fly, but we will not let the bird fly over to the capitalist side. If we let the bird fly without any restrictions we would only create chaos in the state economy instead of enlivening the economy. This is detrimental to the state and the people.

In order to develop the four modernizations program and safeguard the interests of the people, we must let the bird healthily fly in the socialist sky.

CSO: 4006/179

## NATIONAL POLICY AND ISSUES

### ZHAO SHOUYI DISCUSSES URBAN EMPLOYMENT

HK151213 Beijing RENMIN RIBAO in Chinese 8 Dec 82 p 2

[Article by Zhao Shouyi [6392 1343 0001]: "Create a New Situation in Employment in Cities and Towns"]

[Text] [Synopsis] It is necessary to arrange employment through collective economy in cities and towns. Once the collective economy in cities and towns is able to develop, it will be possible to create a new situation for employment in these places. The collective economy in cities and towns has developed since the 3d Plenary Session of the 11th CPC Central Committee and this situation is attributed not only to the correct principles of the CPC Central Committee and active support given by state-owned economy but also to the fact that the collective economy in cities and towns itself has great vitality. The collective economy has taken various forms of economic responsibility system with profit and loss responsibility system as the key and such economic responsibility system is in the interest of implementing Marxist principle of material interest and promoting the sense of responsibility of laborers as masters of their own country and their initiative in management. To develop the collective economy in cities and towns is in the interest of promoting enterprises reorganization and the reform of economic system.

A main problem in solving employment at present is that a number of places are not resolute in implementing the policy of the CPC Central Committee regarding the long-term coexistence of various economic forms; consequently, they have failed to create a new situation in this respect, while some people are unwilling to work with the units of the collective economy. Therefore efforts must be made to solve this problem "going through five barriers" of ideology, planning, management, concrete policies and leadership so as to raise in a great extent the position of the collective economy and create a new situation in developing the collective economy in cities and towns and solving employment. [End of synopsis]

The development of the collective economy in cities and towns, and particularly the support given to this economy by the state economy, have undergone a process from being coexistence of various economic forms and pointed out: "Handicraft enterprises, industries, building industry, transportation, commerce and service trades in cities and towns now must not and cannot be all managed by the state economy; a number of them must be undertaken by the collective." This

directive has opened up a wide prospect for the development of the collective economy and this prospect may be likened to "vast oceans teeming with fish and skies full of birds." Limitless efforts can be brought into play in developing the collective economy. In short, the development of the collective economy in cities and towns is a result of the implementation of the party line, principles and policies since the 3d Plenary Session of the 11th CPC Central Committee. Under the guidance of the 12th Party Congress, the collective economy has gained an even wider scope with still better prospects!

But basically speaking, the development of the collective economy rests on its own strong vitality. At present, in addition to the big collectives in our country (which makes up about 2/3 of the national workers and staff), there also exist various forms of collective with staff and workers totaling about 8 to 9 million; although this figure is not big enough, these various collective economic forms have a very strong vitality. The reason for the vitality is that this economy has introduced various forms of economic responsibility system with the profit and loss responsibility system as the key; briefly, it has introduced the method of "assigning production quotas." This method has played a vital role in the economic life of rural areas. Of course, it differs from the methods used in industry, but they all have the same spirit. This is because such methods are based on the actual conditions of our country and are in line with the development of the productivity of our country. It is in the interest of implementing Marxist principle of material interest and promoting the sense of responsibility of the laborers as masters of their own country and their initiative in management so as to constantly promote the development of the collective economy. Such economic responsibility system with profit and loss responsibility system as the key is based on the principle of voluntary grouping, responsibility for profit and loss, distribution according to labor and democratic management to display the advantages of the collective economy and avoid the disadvantages of the state economy. It is true that this economy only employs about 8 to 9 million people, but a single spark can start a prairie fire, and furthermore it is not a single spark, but a sea of fire. The healthy development of these small collective enterprises will naturally affect the big collectives, promote their ideological emancipation and system reform and also make them introduce various forms of responsibility system with "assigning production quotas" as the key. It is only in this way that these big collectives will be able to make further progress. The big collective enterprises stand between the state enterprises and small collective enterprises and therefore they must display the advantages of the small collective enterprises and avoid the shortcomings of the state enterprises. There is no way but for these enterprises unless they are transformed along the road of the small collective enterprises and stop holding the "iron rice bowl" and eating out of "one big pot." The healthy development of small collective enterprises will also naturally force state enterprises and particularly small-scale state enterprises to introduce the method of "assigning production quotas," entailing the division of state enterprises into several parts to be put under the management of the collective or individuals. No matter whether this method is implemented in forms of contracts or tenders, it will help cut down on workers and put an end to losses. The method of "assigning production quotas" may be employed by small state-owned factories, snack counters, service centers and small shops, with the state receiving profit tax.

The number of people coming onto the job market in cities and towns is about 5 to 6 million per year; only a few of them will have the opportunity to be employed with state-owned enterprises while most have to work with collective enterprises. Excluding surplus workers and staff of state-owned enterprises, it is estimated that the workers and staff of the collective enterprises will reach 35 to 50 million in 1985. It is expected that several years later, the number of the workers and staff of collective enterprises will surpass that of state-owned enterprises. Of course, the state economy will continue to be in the dominating position in the national economy. Without the guiding position and absolute superiority of the state economy, the collective economy will no doubt go astray in its development.

Therefore we can clearly understand the following two questions:

First, the development of the collective economy in cities and towns and the transformation of enterprises promote each other. If we do not develop collective economy, it will not be possible for state enterprises to employ all the new labor force which amounts to about 5 to 6 million every year. Thus with more hands than needed, labor discipline in enterprises will be affected while the improvement of productivity will be hindered. A big problem in the transformation of enterprises is that a great number of surplus staff and workers in state-owned enterprises must be given other jobs. But with the development of the collective economy, it will be possible to employ both new labor force and surplus workers and staff. As a result, under the guidance of the state economy, both the collective economy and state economy will be able to develop. This situation can be likened to killing several birds with one stone. The development of the collective economy is also in the interest of serving enterprise production, the life of workers and staff, and their training. Therefore the support of the collective economy is needed to transform state-owned enterprises; it is not a burden.

Second, we can also clearly understand the relationship between developing the collective economy and transformation. The road taken in developing the small collective is the road that is to be taken in transforming the labor system. That is to say, it is imperative to smash the "iron rice bowl" and arrange employment according to the principle of "three combinations;" change unconditional employment to planned employment after training and take the form of part-work and part-study that has been introduced by socialist youth service teams in Beijing. It is also imperative to change sole reliance on the state economy to arrange employment, to arranging employment through several channels; to change the fixed work system to various forms of wage system so as to change the past situation in which "casual workers work while those with regular jobs watch" and in which "no serious mistakes are made, but small mistakes are made constantly, enraging the leadership and causing difficulty to the law-courts," and decrease the many shortcomings in the present labor system. With these changes, it will also be possible to make the wages in the collective enterprises and undertakings come nearer to the principle of distribution according to labor, although many wage forms are used in these enterprises. We need not worry that the situation in which some workers of the collective enterprises have higher wages than those in state-owned enterprises will affect and latter. If we are afraid that some workers of the collective enterprises will have higher wages than those in state-owned enterprises and



consequently dare not make progress, doesn't it mean that we are "wearing new shoes but taking the old road?" Does it not also mean that we are still protecting the "iron rice bowl" and that we still stick to egalitarianism? It is true that the distribution system within collective enterprises is complicated, but the party's related policies have defined that the wages in these enterprises must be flexible and that the system of distribution according to labor must be introduced, therefore it is possible for the enterprises with good business and management to provide wages higher than those in state-owned enterprises. But now even though staff and workers of the collective enterprises have higher wages, some people are still willing to work in state-owned enterprises rather than collective enterprises. Why? Because those working in state-owned enterprises enjoy labor welfare protection in cases of aging, sickness or death and there is no such protection in collective enterprises. Various places have their own experiences in implementing the wage system in collective enterprises. For example, Chongqing has defined complete sets of methods for the wages of the workers and staff of the collective enterprises run by local people, such that "there is no limit to the amount of wages you can earn but nobody earns the minimum;" other concrete measures have also been formulated. It is not necessary for us to worry about carrying out flexible wage systems in collective enterprises. Now the problem is what was mentioned by Comrade Hu Yaobang, that is, some people are not willing to work within collective enterprises. I think it would be excellent if collective enterprises had the strength to draw part of the workers and staff and surplus staff and workers from state-owned enterprises.

The development of the collective economy is in fact a challenge to present policies of prices, finance and taxes. Many problems can no longer be resolved by resorting to old methods and therefore we have to carry out transformation, wearing new shoes to take a new road. The collective economy also has to be transformed but its major problems are development and perfection. It is because the small collective economy is a new thing; it is a sheet of blank paper on which the most beautiful pictures can be drawn. I hope that the painters on the labor front will be able to draw the newest and the most beautiful paintings, with all their hearts.

The most important problems in the recent state of employment include the fact that many places are not resolute in implementing the policy of the CPC Central Committee regarding the long-term coexistence of various economic forms, that the policy is consequently not quite efficient, with many problems yet to be resolved, and that a new situation is yet to be created, and that due to all these, those awaiting for jobs are not willing to work within collective units. In the first half of last year, the collective units took on 200,000 new staff, but of this figure, individuals were only 14,000; therefore basically no progress was made and this problem is most prominent in the present employment situation. In order to create a new situation in the collective economy and make those waiting for jobs willing to work in the units of the collective economy, it is imperative to carry out various forms of transformation and spare no effort to solve a series of problems and overcome all obstacles. At present, we must mainly pass "through the five barriers" and solve the following five problems.



First, ideology. This problem mainly refers to solving the ideology problems of leading cadres at various levels. We demand that leading cadres at various levels emancipate their thinking and correctly understand the socialist nature and position of the collective economy. That is to say, we must understand that the collective economy constitutes socialist public ownership and not capitalism; neither it is a grade lower than state economy. We must realize that to develop the collective economy in a big way and properly develop individual economy under the guiding roles of state economy are necessary for developing the prosperity of economy in urban and rural areas, making the life of the people more convenient and expanding employment. It is a long-term principle, not an expedient measure.

At present, there generally exists an attitude that "the whole people is safety and the collective is dangerous." "The whole people is safety" means "iron rice bowl," "eating from the same big pot" and "harvests irrespective of drought and floods" and all these are precisely the shortcomings of the state economy. Our purpose in transforming enterprises is to gradually overcome these shortcomings. The so-called the "collective is dangerous" refers to the profit-loss responsibility system and the system of distribution according to labor being introduced by collective enterprises; but these systems represent the vitality and advantages of these enterprises. Therefore it is necessary to clearly explain the advantages of the socialist collective economy while its various forms of economic responsibility system with profit-loss responsibility system as the key and its various wage forms that are based on the quality and quantity of labor achievements have demonstrated the principle of from each according to his ability and to each according to his needs. These systems are able to arouse in a big way the initiative of workers and staff and create labor productivity and economic efficiency even higher than the enterprises characterized by "iron rice bowl" and "eating from the same big pot." Any attempt to hold the "iron rice bowl" and eat out of the "same big pot" inside a strongbox is contradictory to the superiority of the socialist system. If such practice is also termed socialism, it is poor, not rich socialism. The purpose of developing the collective economy is none other than to build a rich socialism and not holding that "iron rice bowl" and scooping up clear soup from a big pot. In this point, there is strong contrast between the advantages of the collective economy and the shortcomings of the state economy. Not long ago, we visited a state-owned restaurant in Fengtai. The collective restaurant was packed full of customers and seething with activity. It was offering varieties of staple foods and non-staple foods, coupled with friendly service. The attendant was chatting with customers while she was making steamed stuffed buns; she has her own production quotas. The state-owned restaurant is situated in the next street but the atmosphere in this restaurant was cold and cheerless, with few guests and very limited varieties of staple and non-staple foods. The "rice from the same big bowl" and "iron rice bowl" are really harmful and they will destroy enterprises.

Another ideological problem is that some people say that they agreed with the coexistence of various economic forms but oppose the support of the collective because they are only responsible for industrial production and not employment, which, according to their view, is the business of society. Such a view shows that these people do not understand in an overall way the situations at grassroots level or their own responsibility, and that they have departed from reality. The present situation is that 70 to 80 percent of the

young people waiting for jobs in cities and 50 to 60 percent in towns are the sons and daughters of the workers and staff of enterprises and other units. Another problem is how do you solve the problem of the surplus workers in your enterprise? You rely on society, but who forms society? Is it possible that your enterprises can exist independently of society? We must say that our enterprises are an important part of society and therefore they have the responsibility of managing both industry and employment. We all know that the moon shines with a beautiful color because of the sun's rays. Similarly, it is necessary to develop the collective economy with support from the state economy. Some units such as an experimental plastic factory in Shandong and the No 1 Building Company in Heilongjiang, have solved many problems through forming labor service companies. The experimental plastic factory in Shandong is a big collective. It organized small collectives by organizing 300 surplus workers. Consequently, this factory turned losses to profits. The No 1 Building Company has had the same experience. It is a very difficult and important problem to arrange employment for surplus staff and workers. Therefore, state-owned enterprises must follow the principle of "supporting but not taking care of everything" as advocated in a document of the CPC Central Committee, and do a good job of supporting the collective economy. I suggest that in future, the word "run" in the collective enterprises run by the whole people be changed to "support." The method of the state supporting the collective and state-owned enterprises forming labor service companies must be regarded as an important form taken by the state economy in supporting the collective economy. The collective economy would not be able to develop without the support of the state economy. But it is not permitted to "confuse positions" and "mix accounts." We must stick to the principle of "supporting but not taking care of everything." Some people said, since it is only permitted to support and not to take care of everything and to "help somebody mount a horse and accompany him part of the way," when does one part company with the rider? Such a view in fact regarded the support of the collective economy by the state economy as a burden. In fact, such support must not be regarded as a burden because it represents mutual dependence and in some cases mutual dependence for survival. For instance, state-owned enterprises cannot depart from collective enterprises responsible for packaging their products. Therefore there is no question of when to part company; there are only the relations of interdependence or "remaining in a devoted couple until the end of one's life."

All the above represents ideological barriers. It means that it is necessary to fully carry out ideological work, persist in the principle of seeking truth from facts, proceed from reality, resolutely get rid of "leftist" bondage, repeatedly explain the principle of the coexistence of various economic forms, disseminate the advantages of the collective economy, spare no efforts to support the collective economy and resolutely eliminate the thinking of discriminating against, squeezing out and attacking the collective and individual economies because such thinking runs counter to the party's related principles.

The second problem is planning. For quite a long period in the past, we regarded employment only as a social problem. We did not regard it from a strategic viewpoint; nor did we include it in economic development planning and economic management systems or solve it during readjustment and transformation. We did not consider employment when industrial construction principles and technical policies were being worked out. We exerted more efforts in developing big and medium projects and heavy industry. On the other hand, for quite a long period in the past, we neglected labor-intensive trades with

simple technical structure. With regard to ownership structure, we paid attention to heavy industry, neglected light industry and discriminated against the individual economy and consequently it became very difficult for the collective and individual economies to develop. Although the number of people to be given jobs is included in planning, nothing is defined with regard to the material conditions and financial and economic policies for the development of the collective economy such as raw materials, transportation, source of goods, sites and tax. Therefore such planning will easily come to nothing. Experiences proved that material factors are very important. But at the same time, it is also necessary to pay attention to factors of ownership and people. Therefore planning must include unified employment arrangements and unified arrangements for labor productivity and social employment rate as important factors in unified balance. When major state tasks are being arranged, it is necessary to concretely study the collective economic development planning of the trades with intensive labor or at least make rudimentary decisions so that the arrangement of employment will be linked with the arrangement of finance and materials.

Third, the problem of management. The existing economic management system in our country is formed on a single form of state economy. But following the expansion of the collective economy, the economic situation became complicated and it now requires strong policy, with many departments involved. Consequently it is necessary to form and perfect the economic management system and put it under the unified management of an organization.

Fourth, the problem of policy. The relevant document of the CPC Central Committee pointed out: "The various departments of the CPC Central Committee and the State Council must take an active attitude and resolutely and rapidly change the policies and measures that discriminate against, limit, squeeze out and annex the collective economy and individual economy into the policies and measures that guide, encourage, promote and support such economy. The past rules and regulations must be conscientiously checked up on and concrete measures must be put forth for transformation." Yet this directive has not been implemented well. In particular, problems concerning raw materials, supply of goods, tax and sites are yet to be resolved. It is hoped that the departments concerned lose no time in putting forth their opinions and measures with regard to readjusting the relevant policies according to the demands of the CPC Central Committee.

A very important reason for those who are waiting for employment and yet are not willing to work in collective undertakings is that in such undertakings they do not have social insurance for such things as birth, age, illness and death. Once this problem is solved, more people no doubt will be willing to work in such undertakings. The question of tax involves many aspects. Some comrades say that income tax is too high and it is even higher than the readjusted tax of the enterprises run by people's communes and production brigades. It is probably because the tax was defined during the period in which there was only ownership by the whole people and in which the development of the collective economy was limited. In order to solve the problem of employment, the state decided several years ago that the collective should pay no tax for 3 years and this period has expired for one after another of the collective enterprises and other undertakings. If the tax remains unchanged, the collective economy will no doubt be seriously threatened. It is not possible,

before large-scale transformation is carried out, to take some transitional methods? For example, after the 3-year period expired, the originally tax-exempt enterprises pay lower tax and this tax will be properly increased over a certain time so that the collective economy will have made ideological and material preparation. Socialist business methods must also be used with regard to the tax of the collective economy, that is to say, to levy tax on the basis of profits. This is because with proper tax, the collective economy will be able to develop in a big way, and under this situation, the income from such tax will be higher than that of higher tax. Another problem is that there is excessive apportionment. The State Council has ruled that in future, the collective and other units have the right to refuse any apportionment that has not been approved by the State Council or provincial and municipal people's governments. These units also have the right to report on those units that have received their payment but refused to do the work, or that have threatened them and created difficulties because their apportionment has been refused by these units.

Fifth, the problem of leadership. I suggest that party organizations and governments at all levels regard doing a good job of the collective economy as an important part of their economic work. Certain people must be assigned with the work of studying the collective economy. For example, those collective enterprises which are run by local people and have no "backing" must be given certain protection; in supporting the collective economy, the two different forms of ownership can be easily mixed, therefore it is necessary to study how to solve such problems as "confused positions" and "mixed accounts." It is also necessary to study such questions as how the collective enterprises run by neighborhoods display their autonomy and how to transform big collective enterprises.

At the same time, it is imperative to solve the problems of the leading groups and cadres of the collective enterprises. Some people said that "true men are not willing to work and lazybones are not in a position to work" in such enterprises. According to my view, true men will gradually come to like working in such enterprises although at the beginning they may be not willing to do so. Recently, many true men have come to the fore and offered to work in collective enterprises and labor service companies and they include engineers and responsible comrades from other enterprises. But I think it is true that lazybones are not in a position to do so. Therefore we must not stick to one pattern; on the contrary, we must select cadres from among the masses to form leading groups in collective enterprises. A collective restaurant in north-east China was first managed by several state cadres. Under their management, this restaurant only sold high-priced foods that were basically unsalable. At the same time, they often illegally took the food and drink away themselves and as a result, this restaurant suffered losses. Later, the masses introduced a woman comrade to work in the restaurant as casual worker. She was well aware of the psychology of customers and she changed the restaurant from selling high-priced foods and drinks to low-priced ones. She never takes away food or drink from the restaurant, which, thanks to her efforts, is now booming in business. This is the method of not sticking to one pattern. Although she is only a temporary member of the staff, she is a talent in that restaurant and is more capable than those cadres. We can in no way introduce the old

method of paying attention to seniority in wages and positions, common in state-owned units, to the collective enterprises. Those who bring along with them the shortcomings of leading groups and cadres of the state-owned enterprises into the collective enterprises are sure to ruin these enterprises. If people trying to sneak into a collective enterprise their relatives who cannot work and friends who are not qualified for employment in a bid to give these people an "iron rice bowl" and eat out of "the same big pot" in the collective economy, this enterprise will no doubt go bankrupt. The collective enterprises have the right to refuse all such things.

The cadres and workers who have done a good job in the collective enterprises must be commended and awarded. We will hold a congress in a certain time to commend cadres and workers from enterprises, and localities may also hold such congresses. We must raise the political and social status of those working in collective enterprises. Those who have spoiled and annexed the collective economy, broken signboards and bowls and hit people must be legally punished. The state-owned enterprises can only compete with the collective enterprises; they can in no way resort to their power and influence and overwhelm the collective economy.

It is necessary to disseminate the collective economy in a big way through media and discuss it theoretically. It is particularly necessary to disseminate it among cadres so as to draw their attention.

Once the above five problems are resolved, the position of the collective economy among the masses will be greatly improved, this economy will be able to develop in a big way and the features of our socialist economy will become more prominent. Let us, under the guidance of the 12th Party Congress, continue to emancipate thinking, relax policies, eradicate "leftist" influence and transform the systems and old rules and habits that do not accord with the development of the collective economy to promote various economic forms and create a new situation in the collective economy and employment in cities and towns.

CSO: 4006/179

## ECONOMIC PLANNING

### HU ZIANG ON ZHAO ZIYANG'S 5-YEAR PLAN REPORT

OW060415 Beijing XINHUA Domestic Service in Chinese 1713 GMT 2 Dec 82

[Text] Beijing, 2 Dec (XINHUA)--The key to the fulfillment of the grand strategic goal set at the 12th Party National Congress lies in doing a good job in carrying out our work during the next 5 years. This was Hu Ziang's remarks on Zhao Ziyang's report on the Sixth 5-Year Plan made at the discussion of the CPPCC's industrial and commercial group held today. Hu Ziang is currently vice chairman of the CPPCC National Committee, chairman of the All-China Federation of Industry and Commerce and vice chairman of the China Democratic National Construction Association. The concrete plans and measures for creating a new situation in our work proposed in the Sixth 5-Year Plan are practical, realistic and feasible. All personnel working on various fronts and in various fields should strive to create a new situation in their own fields of work and do their own share of duties to fulfill the plans.

Hu Ziang said: Since the 3d Plenary Session of the 11th CPC Central Committee and with the shift of focus of the party's work, the China Democratic National Construction Association and the All-China Federation of Industry and Commerce have also entered a new period in carrying out their work. During the past 3 years, members of both the association and the federation have concentrated their efforts on the issue of "achieving the four modernizations with all our hearts and might," and have enthusiastically done creative work by giving full play to their own professional knowledge in management and administration, as well as in science and technology. The association and the federation have made contributions to the four modernizations of our country, not only by mobilizing their members to offer advice and suggestions, but also in systematically launching a service in economic counselling. We have already found an appropriate way to serve the four modernizations which conforms to the characteristics of our association and federation.

Hu Ziang suggested that the key to creating a new situation in the work of the association and the federation lies in making a more rational use of the limited force of the association and the federation as well as in constantly developing and expanding the force. In his opinion, it is necessary, first of all, to make a concentrated use of the force and concentrate it where it is most needed. At present, a full-scale reconstruction is under way, numerous tasks remain to be undertaken in our country and, therefore, there are many tasks we can undertake. However, retired members account for 80 percent of our



membership, tens of thousands in number, and about half of these are unable to directly participate in activities of production or management, due to various reasons. In this connection, we are requested to spare no efforts in carrying out our work on the one hand and apply our force skillfully and ingeniously to our tasks on the other. We must apply our force where it is most needed and where it can most appropriately be brought into full play.

When the whole situation of the association and the federation are taken into consideration, and when our roles in various localities are taken into account, I think we should concentrate our efforts on assisting the development of the collective economy and on assisting the development of the economy in the minority nationality regions.

The minority nationality regions are very much short of a contingent skillful in technology of production and in management and administration. In these regions, starting points for the development of production are still very low and the scale of enterprises is not very large. What are most urgently needed to be developed in these regions are commerce, catering and service trades, the repair trade and small-scale industrial production in light and textile industries and in chemical fertilizer. These are exactly the fields where our members can bring their knowledge and experiences into full play. If we concentrate our efforts on meeting their needs and exert ourselves to push forward our work in supporting the minority nationalities, we will certainly get twice the result with half the effort.

Hu Ziang said: In order to expand our force, we must pay attention to recruiting those who are willing to work with us in counselling work from various circles of society, promote cooperation in an extensive way to make up for what we lack in our force. It takes joint efforts of all circles in society to create a new situation in our socialist modernization and the inexorable trend is to promote cooperation and joint action. It would be wrong to cherish any narrow-minded sectarian bias or prejudice against different systems of ownership.

Hu Ziang also proposed that attention be paid to building the basic contingents of both the association and the federation, to conscientiously solve the problem at the average age of backbone and cadres of the association and the federation has increased.

In conclusion, Hu Ziang said: The All-China Federation of Industry and Commerce was established, after the founding of the country, to suit the principle of the state and the party in uniting, educating and transforming the national bourgeoisie, the socialist transformation of capitalist industry and commerce was completed after the system of joint state-private ownership was implemented in 1956. The class of capitalists has been abolished and an overwhelmingly large number of those capitalists have become socialist laborers supporting themselves by their own labor. It should be pointed out that the All-China Federation of Industry and Commerce has already fulfilled its original historical task. However, the practice in the past years proves that the federation can still play a greater role in the nation's economic development in future.

CSO: 4006/180

## ECONOMIC PLANNING

### XINJIANG'S WANG ENMAO ON REGION'S IMPROVEMENT

OW141035 Beijing XINHUA Domestic Service in Chinese 0756 GMT 7 Dec 82

[Text] Beijing, 7 Dec (XINHUA)--While reviewing Premier Zhao Ziyang's report at a group meeting, NPC Deputy Wang Enmao of the delegation of the Xinjiang Uygur Autonomous Region said: Premier Zhao Ziyang's assessment of the situation of the first 2 years of implementing the Sixth Five-Year Plan is a practical one. The year 1982 has been one of the best periods for Xinjiang, in terms of the region's national unity and its political and economic situation.

Wang Enmao said: Xinjiang's gratifying situation can be seen from the unity among the people of various nationalities and its political stability. Under the guidance of the party Central Committee, Xinjiang has firmly implemented the series of important instructions of the central authorities for Xinjiang, reinstated the party's tradition of paying attention to ethnic affairs, corrected the "left" mistakes and put nationality work back on the right track. Thanks to the implementation of the party's nationality policy, cadres and people of all nationalities today trust, respect, support and learn from one another. Mutual understanding and unity among people of all nationalities have been enhanced.

Wang Enmao continued: The problem of cadres of Han nationality being unwilling to settle down to work in Xinjiang has also been basically resolved. A large number of intellectuals, college graduates, demobilized army men and army men transferred to civilian work have applied to work in Xinjiang and to contribute their efforts to the defense and construction of the frontier areas. Organs at different levels have been reinforced with the promotion of ethnic cadres to the leading groups. Relations between the military and civil authorities, between army men and people and between the production corps units and the local authorities have all been further improved. There are numerous incidents concerning army men cherishing the people, people supporting the military and mutual assistance and support between the production corps units and the local authorities. In implementing the party's nationality policies and enhancing national unity, many units and individuals have distinguished themselves by promoting national unity. The situation in southern and northern Xinjiang, and in the urban as well as in the rural and pastoral areas has been stable. A gratifying political situation, marked by stability and unity, has appeared in Xinjiang.



Wang Enmao said: Because of the impressive economic development in Xinjiang during the past year, the livelihood of the people of all nationalities has been improved. This year's economic development is characterized by the following:

First, increased output in all fields. Output of cereal and economic crops, animal products, light and heavy industrial production has all increased.

Second, the increase has been higher than last year. The value of agricultural output will increase by more than 6 percent, and the value of industrial output will increase by more than 8 percent this year.

Third, the economic performance has been improved. The profits from the industrial and transport sectors have increased, and the amount of deficit has decreased.

Fourth, the situation of decreasing financial revenue for 3 consecutive years has been reversed. This year's financial plan had already been overfulfilled by 14.9 percent by the end of October.

Fifth, the production and construction corps' industrial and agricultural production has also increased this year. On the basis of making a profit last year, this year's profit will be even higher.

Sixth, the market is thriving and the commodity prices are basically stable. Vegetable supply in Urumqi is abundant, and the price is rational.

On the basis of developed production, the people's living standard has improved. Today the per capita income of the peasants throughout Xinjiang from collective distribution has increased to 125 yuan from 117 yuan in 1981.

Wang Enmao said: In accordance with the measures presented in Premier Zhao Ziyang's report, the following tasks will be carried out so that there will be still more impressive economic development in Xinjiang:

1. Special attention will continue to be given to agricultural production and animal husbandry. The party's rural economic policies will be stabilized, and all forms of systems of responsibility in agricultural production will be improved according to local conditions. While production of cereal crops will by no means be relaxed, economic diversification will be further encouraged. Special attention will also be given to water conservancy, more land will be reclaimed for pasture, afforestation will be developed, and agricultural research will be intensified.

2. Energy and communications construction will be expedited. The cotton, woolen textile, leather and food processing industries, which depend on agricultural production and animal husbandry for raw materials, will be developed. While making sure that the new industrial projects are properly carried out, technical renovation of the existing enterprises will be stepped up so that the industrial enterprises' economic performance can be enhanced.

3. Educational, scientific, cultural, health and sports projects will be expedited.

4. Continued efforts will be exerted to increase financial revenue.

5. Continued improvement of the living standard of the people of all nationalities on the basis of developed production will be maintained.

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## ECONOMIC PLANNING

### HEILONGJIANG PRAISE NPC DEPUTIES 5-YEAR PLAN

OW151149 Beijing XINHUA Domestic Service in Chinese 1711 GMT 6 Dec 82

[Excerpts] Beijing, 6 Dec (XINHUA)--Deputies of the Heilongjiang delegation attending the Fifth Session of the Fifth NPC conscientiously deliberated and enthusiastically discussed Premier Zhao Ziyang's "Report on the Sixth Five-Year Plan" and Finance Minister Wang Bingqian's report on the implementation of the 1982 state budget and the draft 1983 state budget. They spoke about their comprehension, pledged their determination and put forward proposals and suggestions for solving problems in economic work.

In light of actual prevailing conditions in their respective units, many deputies also talked freely about the excellent situation. Deputies Wang Luming, Zhou Zhanao, Ma Hengchang, Fu Huaiting, Wang Lijiang and Wang Weizhi said: It is obvious to all that the situation for industrial, agricultural, financial and economic development in our country is excellent. We are especially impressed by the very fine situation in the market, where the stores are well stocked with greater variety and selection of color and design for the customer. Many people now can buy quality goods. It is therefore not surprising that some buy a few "big items." Workers and peasants, buying washing machines, television sets and tape-recorders today are very choosy.

Deputy Fu Huaiting said: Our production brigade has undergone new changes since the 3d Plenary Session of the 11th CPC Central Committee, after vigorously developing diversified undertakings and implementing the responsibility system of fixing quota on the basis of specialized groups, in keeping with the party's line, principles and policies. In 1981, commune members each had a total income of 800 yuan, with 600 yuan from average collective distribution and another 200 yuan from household sideline production. With the development in production, our brigade built 12,800 square meters of new housing in the past 3 years, averaging 16.7 square meters per person and 78 square meters per household. This year, a palace of culture, an office building, a public bathhouse and other public utilities were built, covering 5,500 square meters in floor space.

Premier Zhao Ziyang emphasized in his report that a remarkable characteristic of the Sixth Five-Year Plan is to emphatically improve economic results, with all economic work being geared to raising economic results. The deputies

considered this a very important task. Deputy Wang Luming said: Disregarding economic results would be running counter to socialist economic law and the fundamental interests of the laboring people.

Some deputies also discussed the important role of technical reform. Deputy Chen Jianfei said: Science and technology are the key to realizing the four modernizations. Premier Zhao Ziyang has stressed the great importance and absolute necessity of carrying out technical reform in enterprises.

Deputies held that Premier Zhao Ziyang emphasized the importance of doing a good job in handling energy with Heilongjiang Province carrying greater responsibility in this respect. Deputy Chen Jianfei said: Heilongjiang Province produces over 40 million tons of coal annually; the proven coal deposits now amount to over 1 million tons, of good quality coal. The potential of exploiting these coal deposits is very great. We must double our coal output by the end of this century, building new coal mines and renovating old ones. Deputy Chen Liemin said: I am in the energy field; I can feel the pressure every-time I hear about energy shortage in the country. Premier Zhao Ziyang stated that the task of the petroleum industry is to maintain an annual output of 100 million tons. Daqing, with its annual output of 50 million tons occupying half the total national output, holds a decisive position. We must make maximum efforts to stabilize Daqing's output until 1985 and, better still, until 1987. To this end, we have mapped out plans to fulfill production and construction tasks by projects and sections.

Deputy Han Xingsheng said: Our Harbin boiler factory is one of the key enterprises manufacturing thermal power equipment for the state. It is therefore logical for us to shoulder the task of developing energy for the state and do our best to increase energy output and conserve energy.

Many deputies also touched on the question of developing socialist spiritual and material civilization simultaneously. Deputy Wang Lijiang, who is over 80, said: Developing socialist spiritual civilization is a strategic policy. I, as an educational worker over the years, am very excited about the fact that the CPC Central Committee is paying more attention to science, culture and education. Although I am over 80, my spirit to serve my country is still holding up. I want to do my share in the four modernizations.

CSO: 4006/181

## ECONOMIC PLANNING

### FUJIAN PLANNING CONFERENCE CONCLUDES

OW221425 Fuzhou Fujian Provincial Service in Mandarin 1120 GMT 13 Dec 82

[Excerpts] After 13 days in session, the provincial conference on planning work called by the provincial government concluded on the morning of 13 December. The current conference centered its discussion on how to increase economic results and draw up 1983 national economy and social development plans. Vice Governor Wang Yan spoke at the meeting. Hu Ping, secretary of the provincial CPC committee and executive vice governor, made a summarizing report.

The meeting held that the overall economic work of the province in 1985 should be developed at a certain pace on the basis of increasing economic results. It is planned that the total industrial and agricultural output value should be increased by 6 percent, with agricultural output value increasing by 5 percent and industrial output value increasing by 6.5 percent.

All comrades participating in the conference held that this target not only conforms to the needs of social development but also can be entirely fulfilled through our efforts. The meeting held that in order to guarantee the fulfillment or overfulfillment of the 1983 national economic development plans, it is necessary to conscientiously implement the guidelines of the 12th Party Congress documents, further emancipate our minds, enhance revolutionary spirit and do a good, solid job in carrying out current work in various fields.

1. It is necessary to make efforts to increase economic results. Leading cadres at various levels must truly embrace the guiding principle centered on increasing economic results.
2. It is necessary to do a good job in consolidating enterprises. The key to doing a good job in consolidating enterprises lies in consolidating and reorganizing leading bodies and assigning a number of clear-minded people to run the enterprises so that the leading bodies will become revolutionized, better educated, professionally more competent and younger in age.
3. It is necessary to promote the system of economic responsibility in an all-round way.
4. It is necessary to do a good job in promoting science and technology. The progress of science and technology should be organically linked with the plans for developing national economy.

The meeting also made arrangements for speeding up the reform of the economic system, strengthening planning work, promoting foreign trade and introducing advanced technology and foreign investment.

The meeting stressed that all localities and departments should conscientiously do a good job in carrying out the work during the first quarter of the next year. The meeting also called on the planning commission, the economic commission and other responsible departments to take unified actions, assign production targets for grassroots units at an early date, control materials and energy well, work out good plans for day-to-day production and thereby create a new start in increasing economic results.

CSO: 4006/181

## ECONOMIC PLANNING

### OFFICIAL ON SIXTH 5-YEAR PLAN IN 'HONGQI'

HK180312 Beijing CHINA DAILY in English 18 Dec 82 p 1

[Report: "Sixth Five-Year Plan Is 'Best Since the First'"]

[Text] The Sixth Five-Year Plan (1981-1985), endorsed at the Fifth Session of the Fifth National People's Congress, is the second well-conceived, comprehensive and practical plan since liberation, according to Fang Weizhong, vice-chairman of the State Planning Commission.

Among the five previous plans, only the first, started in 1953, turned out to be successful. All the others failed, Fang said in an article in the latest issue of HONGQI (RED FLAG), the party's theoretical journal.

This was because the others were impractical and were affected by the leftist influence prevailing during the "great leap forward" (1958) and the "Cultural Revolution" (1966-76), Fang said.

But, the new five-year plan was different, he said. "The targets of the Sixth Five-Year Plan are not decided by wishful thinking but in accordance with the existing conditions."

As the long-standing problems in the nation's economy--such as financial imbalance, uneven enterprise management and unreasonable industrial structures--had not been solved yet, the government had decided to keep to the policy of readjustment and improvement during the Sixth Five-Year Plan period.

"Therefore," Fang said, "the basic target of achieving four percent increase in total value of industrial and agricultural production each year during the Sixth Five-Year Plan conforms with the tendency and the objective law of economic development."

One of the characteristics of the new plan, Fang pointed out, was the emphasis on raising economic efficiency instead of blindly pursuing increased output as has happened in the past.

"The biggest disaster we suffered in the past was caused by the policy of striving for increases in output and output values of industrial and agricultural production, regardless of economic efficiency," Fang said.

Such plans, with impractical targets had not boosted the country's economy but had caused hugely wasted materials and manpower and had reduced people's enthusiasm for work.

Spending more than a third of the total investment in fixed assets during the Sixth Five-Year Plan on the renewal of enterprises was also a wise decision, Fang said.

In the past, new projects had drawn too much money from the state treasury while existing enterprises were producing smaller profits.

Fang said: "We cannot afford to make such errors again, and we should adhere to the policy of renewing old enterprises and guaranteeing investment in major projects."

Paying great attention to the development of science, technology and education was another major characteristic of the new plan, Fang said.

China planned to spend 96 billion yuan in these fields during the Sixth Five-Year Plan, 68 percent more than that of the last five-year plan.

This meant a remarkable change in the state's guiding ideology in economic construction and "people should fully realize the importance of such a change," Fang said.

CSO: 4020/34



## ECONOMIC PLANNING

### BEIJING URGES FULFILLING SIXTH 5-YEAR PLAN

OW221255 Beijing Domestic Service in Mandarin 1200 GMT 10 Dec 82

[Station commentary: "Work Hard With One Heart and One Mind"]

[Text] The Fifth Session of the Fifth National People's Congress approved Premier Zhao Ziyang's report on the Sixth 5-Year Plan and the Sixth 5-Year Plan itself, and called on the people of all nationalities throughout the country to work hard to fulfill in an all-round way this 5-year plan of great significance. This was another important decision aimed at pushing forward our country's socialist modernization program.

The 12th CPC National Congress set the task of striving to quadruple the gross national industrial and agricultural output of the country by the end of the century. The Sixth 5-Year Plan is an important step toward achieving that great goal. Fulfillment of the plan will have a very important bearing on bringing about a fundamental turn for the better in the national financial and economic situation, ushering in a new economic renewal and achieving long-range development.

The Sixth 5-Year Plan fully embodies the spirit of the 12th Party Congress and follows the series of correct principles and policies of the party and government on economic work since the 3d Plenary Session of the 11th Party Central Committee. Compared with the five previous 5-year plans, it is a more complete and mature plan. It has the following striking features:

1. It puts the emphasis on increasing economic results, stressing that it is necessary to further shift all economic work to the path of increasing economic results and, on this premise, to maintain an appropriate rate of national economic development. In this way, we can avoid repeating the past mistakes of failing to proceed from actual conditions, blindly pursuing high output values and making rash advances. The firm establishment of this guiding ideology marks a fundamental change of far-reaching significance in economic work in our country.

2. The Sixth 5-Year Plan attaches great importance to progress in science and technology. Vigorous economic development must rely on scientific and technological achievements, and science and technology must serve economic development. This question has gained strategic importance. During the Sixth 5-Year

Plan period and for a long time thereafter, we must on the one hand pay serious attention to a number of key construction projects of modern technological standards, and on the other hand make conscientious efforts to carry out the technical transformation of existing enterprises. This will guarantee the quadrupling of our gross annual industrial and agricultural output value by the end of the century.

3. The Sixth 5-Year Plan closely links economic development with social development and attaches great importance to continued improvement of the people's living standards on the basis of increased production. It calls for progress in education, science, culture, public health and physical culture. Greater progress should be made particularly in education to speed up the training of competent personnel. In short, the people will receive more real benefits from the fulfillment of the Sixth 5-Year Plan.

4. The Sixth 5-Year Plan pays attention to building both material and socialist spiritual civilization. The plan sets clear-cut goals and gives concrete measures for educating workers, staff members, peasants and particularly cadres in communist ideology throughout the country, insuring better public order in an all-round way and raising the standards of social conduct.

At present, the capitalist world is in an economic depression, and many countries are experiencing varying degrees of economic difficulties. In contrast, the implementation of our Sixth 5-Year Plan has been very successful in the first 2 years, and our national economy is developing soundly. The capitalist world is beset with crises, while our national economy is thriving. This sharp contrast demonstrates the superiority of the socialist system and the correctness of the policies of the party and the government. It also indicates that so long as we make conscientious efforts to implement the measures put forward in Premier Zhao Ziyang's report, the Sixth 5-Year Plan assuredly will be carried out successfully. Our socialist motherland has a very bright future.

Comrade workers, peasants, intellectuals and all citizens who support socialism and love the motherland: Let us respond to the call of the National People's Congress, work hard with one heart and one mind and dedicate all our energies and wisdom to fulfilling the Sixth 5-Year Plan and making China prosperous and strong.

CSO: 4006/180

## ECONOMIC MANAGEMENT

### SHANGHAI MAYOR ON 1983 ECONOMIC DEVELOPMENT PLANS

OW271712 Beijing XINHUA in English 1629 GMT 27 Dec 82

[Text] Shanghai, 27 Dec (XINHUA)--In 1983, Shanghai plans to raise the economic efficiency of 220 large and medium-sized industrial enterprises.

Mayor of Shanghai Wang Daohan announced this today at the Fifth Session of the city's Seventh People's Congress. He said the city's efforts would focus on 95 large enterprises.

While expecting a 4 percent rise in the city's 1982 gross industrial output value above 1981, Shanghai would see another 4 percent increase in industrial output value next year over 1982, Mayor Wang predicted.

Addressing more than 1,000 delegates to the municipal congress scheduled to close December 30, Wang said that Shanghai would also register 6.9 percent growth in agricultural output value, 1.9 percent growth in total retail volume and 2.8 percent increase in purchasing volume of export commodities during 1982. The city's capital investment grew by 20.3 percent, and investment in technical transformation by 18.1 percent, the mayor said.

Communications departments in Shanghai overfulfilled annual quotas and satisfactory results were achieved in education, science, culture, sports and public health as well as in other fields, he said.

In 1981, the industrial output value and revenue of Shanghai each accounted for one-eighth and one-sixth of the national total while its export trade volume made up one-fifth, and port freight handling volume, 40 percent, of the national total. Shanghai, China's largest industrial city, produces 45 percent of the country's industrial goods for consumer use.

To meet the demand, Mayor Wang said, Shanghai would produce in 1983 more quality and famous brand products and develop new ones. In the coming year, he said, Shanghai would sponsor more exhibitions of home-made and foreign products in an effort to promote technical, economic and cultural exchanges.

Wang said that Shanghai would continue to join other provinces in boosting the national economy in 1983. In the past few years, the city has established 240 joint ventures and cooperative projects with 17 provinces, municipalities and

autonomous regions. Projects now under discussion include production of candies, biscuits and beverages, co-production of sulphur concentrates, nonferrous metals, coal, pig iron, construction materials, timber and other raw materials, technical consultation and technical training.

In expanding external trade, Wang said, the city would improve its textile, machine-building, meters and chemical industries, and provide quality technical services. He said efforts should be made to expand foreign trade and labor export.

Under unified state planning, the city would give more decision-making power to various enterprises and localities in attracting foreign capital, importing technologies and equipment as well as advanced managerial skills to upgrade the industry, Wang said.

The mayor said that foreign investment in 1983 would be used for construction projects in the Shanghai suburbs of Minhang and Hongqiao.

Referring to technical transformation, the mayor said, Shanghai launched 461 major revamping projects this year, and 480 such projects were planned for 1983 to develop major products according to international standards.

CSO: 4020/34

## ECONOMIC MANAGEMENT

### YUAN BAOHUA AT ENTERPRISE CONSOLIDATION MEETING

OW231101 Beijing XINHUA Domestic Service in Chinese 1608 GMT 20 Dec 82

[Text] Beijing, 20 Dec--Yuan Baohua, leader of the national leading group for enterprise consolidation and vice minister of the State Economic Commission, spoke at a meeting of various state council departments on enterprise consolidation. He pointed out that all departments and localities should establish the system of responsibility for enterprise consolidation, in order to insure smooth progress in enterprise consolidating in the next 3 years, particularly in 1983.

Yuan Baohua said: The practice of some localities and departments shows that to implement a clear and definite system of responsibility is an important factor in making fast progress in enterprise consolidation. The establishment of the system of responsibility for enterprise consolidation means the establishment of a system of responsibility according to department, profession and level. Its purpose is to bring into play the initiative of all concerned to jointly do a good job in enterprise consolidation. The system of responsibility for enterprise consolidation requires the departments and bureaus concerned under various state council organizations to clearly divide work and responsibility and, at the same time, explicitly divide responsibility between them and lower-level local organizations. All departments should not only consolidate the enterprises directly under the ministries well, they should also assist local authorities to consolidate a number of large and medium-sized backbone enterprises. All provinces, municipalities and autonomous regions should help various ministries to consolidate the enterprises directly under the ministries.

Yuan Baohua pointed out: In his report on the Sixth 5-Year Plan, Premier Zhao said: "Current enterprises must be consolidated more quickly and effectively. This work must be completed in all of them within the next 3 years." What he means by "all of them" is all enterprises, including industrial, communications, commercial, service trades, construction engineering and state farm enterprises. Therefore, enterprise consolidation is a very arduous task.

Yuan Baohua said: 1983 is a year of crucial importance to allround enterprise consolidation. All localities and departments should continue to enhance their understanding of enterprise consolidation and its urgency, and put it in a prominent position.

On how to undertake enterprise consolidation in 1983, Yuan Baohua proposed five measures:

--We should continue to tackle "difficult problems" and the key to this remains reorganizing and readjusting the leading bodies of enterprises. In the first half of 1983, all localities and departments should concentrate their strength on readjusting the leading bodies of more than 2,300 large and medium-sized backbone enterprises. It is necessary to improve the training of new cadres. The enterprises should truly be put under the collective leadership of party committees, democratic management by the workers and the administrative direction of plant directors. After readjusting their leading bodies, the enterprises should lose no time in perfecting their system of responsibility and overhauling their labor organizations, according to specified numbers of personnel, to overcome overstaffing.

--We should improve a number of large enterprises.

--We should step up the building of spiritual civilization, carry out ideological education, with communist education at its core, among the workers and staff and gradually build a contingent of workers who have ideals, moral sense and knowledge and observe discipline.

--We should consolidate the enterprises in conjunction with the efforts to readjust, reform, undertake technical transformation and consolidate party organizations.

--We should strengthen our organizational leadership. All localities, departments and the enterprises under consolidation should seriously conduct an overall inspection and summing-up of 1982 consolidation work. We should strengthen the work of the investigation groups assigned to work at selected enterprises. We should attach importance to checking and accepting enterprise consolidation results. As various provinces, municipalities and autonomous regions will begin organizational reform in 1983, all localities and departments should have a regular group of persons handling enterprise consolidation work to insure its smooth progress, just as they have regular production personnel.

CSO: 4006/180

## ECONOMIC MANAGEMENT

### ENTERPRISE SELF-MANAGEMENT POWER DISCUSSED

Beijing CAIMAO JINGJI [FINANCE, TRADE AND ECONOMICS] in Chinese No 11,  
15 Nov 82 pp 50-53

[Article by Zhou Shulian [0719 0647 5571]: "Some Theoretical Issues of Enterprise Self-Management Power"]

[Text] The current reform of China's economic management system began with enlarging the self-management power of enterprises. Today, when summarizing the experiences of reforming the economic management system, we must also recapitulate the work of enlarging the enterprise self-management power and study the relevant theoretical and practical issues.

#### The Substance of Relative Independence

Generally speaking, the interest and power of an enterprise are the substance of its independence. Without interest and power, an enterprise will lose its necessary independence. However, independence includes not only interest and power, but also proper responsibilities, and the former are linked with the latter. Providing an enterprise with the necessary interest and power is for the very purpose of enabling it to fulfill its responsibilities. Stressing interest and power and overlooking proper responsibilities will lead to all kinds of negative consequences, and an enterprise will not only fail to fulfill its responsibilities, but even deviate from the track of the socialist planned economy. Some comrades advocate that the core of enlarging the enterprise self-management power is independent economic interest. If referring to the situation of overlooking the enterprise economic interest in the past, the view has its grounds. But one must also admit that the responsibilities of the enterprises in the past were just as vague. For instance, though the enterprises were supposed to complete the tasks called for in state planning, due to the implementation or basic implementation of the policy of state monopoly of purchasing and marketing and of revenues and expenditures, the enterprises actually had no clear-cut economic responsibilities, as the quality of their operation made no difference to the benefits received by them. Thus, clearly defining the responsibilities is also very

important. Today, stressing the necessity for the enterprises to set up the economic responsibility system is a result of the serious attention on their responsibilities. One must also realize that the substance of responsibilities includes many aspects. The enterprises must be responsible for their products, varieties, quality, quantity, output value, cost and profit, for the utilization of their fixed assets and circulating funds, and for conservation of raw material and energy. Currently, the system of assigning responsibility for profit or loss followed in industrial enterprises is one aspect of their responsibilities, but it does not cover all their responsibilities. Under the situation of sound pricing and other management systems, profit may serve as a comprehensive index of the quality of operation and performance of responsibilities. Nevertheless, under the present situation, using profit as the index to measure enterprise operation has its limitations. Therefore, besides the profit aspect, responsibilities in other aspects must also be defined.

Connected with it is the issue of the inherent economic impetus of the enterprises. The prevalent view that only with independent economic interest will an enterprise acquire an inherent economic impetus is not sufficiently accurate. Interest and power will doubtlessly increase the impetus of an enterprise in improving operation and management, upgrading technology, developing production and enhancing profit. However, it cannot be considered as the entire substance of the inherent impetus of socialist enterprises. The greatest and principal inherent economic impetus of enterprises under the socialist popular ownership should be the satisfaction of the needs of the entire society and its members. Enterprise profit will make the staff and workers better understand the link between successful production and their own intimate interests, thereby increasing the inherent economic impetus, but only social interest is the most important impetus. It is our standpoint in improving enterprise operation and management.

#### Degree of Independence of State Enterprises

Should the independence of state enterprises be the greater the better? The answer is no. There is a basic principle governing the appropriate degree of independence of state enterprises: It should benefit the reinforcement of the popular ownership and the development of its economic superiority. Excessive independence in violation of the principle will inevitably produce a negative impact on the national economy, and even lead to the collapse of the popular ownership. In profit distribution, for instance, if the percentage reserved for the enterprise is too large, it will create intense contradictions between the special interest of the enterprise and the interest of society and, when the contradictions develop to a certain extent, an enterprise may, in its own interest, disregard or even damage the interest of society. If given excessive power, an enterprise may utilize its legitimate power to seek its own interest and cast off and conflict with the unified planning of the state. Thus, to correctly handle the relations between planned economy and commodity production, the enterprises must be given the necessary, but not excessive,



independence. Only the appropriate definition of enterprise independence will lay the objective foundation and provide favorable conditions for the correct handling of the relations between the state and the enterprises and between planning and the market.

One view advocates the complete independence of state enterprises: Except state ownership of the funds, the enterprises should become completely independent commodity producers exercising all functions. Some comrades flatly declare that state enterprises should be changed to enterprise or laborers' collective ownership. This view calls for deliberation. Reforming the management system of the state economy is for the purpose of perfecting and developing the popular ownership, not of changing the popular ownership to collective ownership. If the entire state operated economy is changed to the collective ownership economy, the national economy will no longer be a unified and centralized economy, its planned and proportionate development will become impossible, and the planned economy will lose its objective foundation.

Some comrades maintain that popular ownership will remain as long as state ownership of funds is retained, and therefore, it is still possible to realize the planned economy. This view is not convincing. State retention of the ownership of funds is not equivalent to a complete popular ownership, and even less to the dominance of popularship in the national economy. If the enterprises become completely independent commodity producers, and even though the state may collect some interest on the funds under its ownership, the popular ownership system, though not completely in name, will in fact be carved up severally into an independent collective ownership economy. Thus, the complete independence of all the state enterprises will inevitably block the national economy from becoming a unified and centralized economy. Obviously, if this view is followed, it will result in the destruction of the planned economy and lead commodity production and exchange astray.

In the state operated economy, the proper handling of the relations between the state and the enterprises and between unity and independence is an extremely complex issue and requires further exploration. Reassessing the various relevant theories and seeking a more comprehensive understanding on the basis of the experiences of the experimental units in the reform of the economic management system, thereby providing the foundation for a more satisfactory solution of the issue, are highly necessary.

#### Factors Restricting the Pace of Enlarging Self-Management Power

According to the experience of the past few years, the pace of enlarging enterprise self-management power is at least restricted by the following factors:

First, it is restricted by the economic structure and the proportionate economic relations. Only under the situation where the economic structure

is fairly rational and the major proportionate relations fairly harmonious will it be possible to create and strengthen the market mechanism and impel the relatively independent enterprises to conduct productive and exchange activities in accordance with state planning and market needs. When there are serious maladjustments in the proportionate relations, it is difficult to create a market mechanism which will fully develop a positive effect; therefore, the pace of enterprise power enlargement cannot but be restricted. As China's energy supply and communication and transportation are, for instance, in fairly short supply at present, the state must centralize the necessary financial and material resources to strengthen the construction in these aspects. If the percentage of profit reserved to the enterprises and the resources placed under their control are excessive, the construction of such basic facilities as energy and communication shouldered by the state will have no guarantee. Or, if the supply of raw material and materials and energy is very abnormal and the production means needed by many enterprises are not promptly provided, it will be difficult for the enterprises to be completely responsible for the profit or loss.

Next, it is restricted by the management level of the leading state economic organs. When the enterprises have no relative independence, the economic management system is highly centralized and the state mainly relies on administrative orders to run the economy, bringing enterprise activities into state planning chiefly by means of coercion. After the enterprises gain relative independence, the leading state economic organs must possess the appropriate capacity to manage the economy. Besides the necessary administrative means, the state mainly relies on the economic leverage to run the economy. To ensure the self-management power of the enterprises in operation and management, besides the necessary coercive plans, the state mainly resorts to plans which serve as guidance or reference and the appropriate measures to bring the economic activities of the enterprises into state planning. The above two situations both call for a high capacity of the leading state economic organs in running the economy, i.e., scientifically forecasting the developments of production and demands and correctly applying all kinds of economic means to make the enterprises operate and manage according to state plans. If the leading economic organs do not have the capacity and the pace of enlarging enterprise self-management power is too fast, the planned economy will suffer a negative impact.

Thirdly, it is restricted by the conditions and the operation and management level of the enterprises. To be relatively independent, the enterprises must possess a fairly high operation and management level. Currently, the operation and management level of China's enterprises is fairly low as a whole. The practice of the experimental units in the past few years also indicates that the pace of enlarging the enterprise self-management power must be adjusted to the conditions of the enterprises, including their operation and management level. To properly handle the relations between enterprise reorganization and system reform, we must realize that the proper reorganization and the improvement of the

operation and management level of the enterprises constitute an important condition for the further enlargement of the enterprise self-management power.

Fourthly, it is restricted by people's understanding level. The reform of the economic system is a rather major readjustment of the economic relations. Therefore, only when people reach a fairly unanimous understanding of the relative independence of enterprises will we avoid detours and complete the tasks smoothly. When we look at the conditions of some countries, their comparatively large-scale reforms of the economic system all underwent relatively full deliberations and discussions before the majority of the people reached a basically unanimous view on the necessity of reform and the methods and steps. People often entertain different understandings of reform because of their own interest and because of divergences in understanding. To solve the conflict of interest, the state must have the necessary financial and material reserves, so that all sides are benefited in the reform. To solve the divergences of understanding, we must earnestly launch investigations and studies, summarize the experiences and guard against conservatism and rashness.

As the relations between the enterprises and the state are the key issue in the economic management system, when the enterprises progress from no independence to relative independence, other aspects of the economic management system, such as the relations between the central and local governments, among the various branches of the central government and among the various areas, will also change accordingly. Therefore, the process of enlarging the enterprise self-management power must be adjusted to that of the entire reform of the economic management system. If we regard the economic management system as a macro system, then, accompanying the changes discussed above, the various branch systems within the macro system and the motion mechanism of the entire system will also change. What kind of macro and branch systems should be created and what kind of economic and social mechanisms established are the problems to be solved in formulating the overall plan on the reform of the economic system. We must, on the foundation of fairly unanimous correct views of the basic theories, formulate, on a scientific basis, the overall plan on the reform of the economic system and carry it out in a planned manner and step by step.

#### The Goal of Enlarging Self-Management Power

What are the direction and goal in our reform of the economic management system? In terms of enlarging the enterprise self-management power, perhaps the goal of the relative independence of state enterprises can be envisaged as follows: (1) The production means is to be owned by the state but assigned to the enterprises to use. The main enterprise leaders are to be appointed by the state and responsible to it. The enterprises are under the obligation to carry out state plans and guarantee the completion of coercive plans announced by the state. (2) In accordance with the provisions in state laws, the enterprises, in line with state plans

and market conditions, have the power to make decisions on production and marketing, operate independently and take sole responsibility for profit or loss. (3) Besides fulfilling their fiscal obligations, state enterprises must turn over to the state a specific amount of their net income (profit). (4) The percentage of profit reserved to the enterprises is to be used, in accordance with the regulations, for enterprise production development, welfare, bonuses and reserve funds, and the enterprises have the power to allocate the funds in accordance with state laws. (5) The enterprises follow the system of basic wages, subsidiary wages and bonuses. Basic wages are under the unified regulations of the state, and subsidiary wages and bonuses are determined by the enterprises according to state laws and profit or loss, thereby directly linking the personal income of the laborers with enterprise operation. The laborers of enterprises which are properly operated receive a larger income. (6) The state exercises planned leadership of the entire national economy. Besides the necessary control of enterprises and products by means of coercive planning, the state, mainly by means of formulating regulations according to the principle of possession and use of state owned production, of the investments under its control and of such economic leverages as price, taxation, interest, wage and welfare, ensures the implementation of the social economic plans. The points discussed above are the goal of our endeavor for a fairly long period of time from now on (e.g., within this century).

Some comrades suggest that the medium and small enterprises unsuitable for state ownership be converted to collective ownership, and that state enterprises not follow the system of taking sole responsibility for profit or loss, on ground that such responsibility imparts complete independence to the enterprises and turns them into collective ownership enterprises. We support the first part of their suggestion, but their view that taking sole responsibility for profit or loss will turn state enterprises into collective ownership enterprises seems to require discussion. According to our conception, when state enterprises take sole responsibility for profit or loss, the state still retains ownership of the production means. This ownership is not just in name, but also realizable, and is mainly manifested as follows: (1) The state appoints the main leaders of the enterprises. Responsible not only to the staff and workers of the particular enterprises, but also to the state, the enterprise leaders are under the mandate of the state and represent the state to operate and manage the enterprises. It is the manifestation of state ownership in operation and management. (2) Besides paying taxes, the enterprises must turn over the greater part of their profit to the state, thereby differentiating them from collective ownership. It is the manifestation of state ownership in distribution. (3) The basic wage standard of the staff and workers of state enterprises is uniform, again differentiating them from collective ownership enterprises. (4) When necessary, the state may issue coercive plans to state enterprises, which is also a manifestation of state ownership. In short, when state enterprises take sole responsibility for profit or loss, popular ownership still remains, and enterprise independence is relative, not complete. Equating taking

sole responsibility for profit or loss with complete independence and collective ownership is incompatible with the practical conditions.

Another view is that the profit or loss responsibility system or the system of assigning responsibility for profit or loss for state enterprises is preferable to the formulation of taking sole responsibility for profit or loss. This view requires deliberation. There are diverse ways to implement the profit or loss responsibility system for state enterprises. The business accounting system in the past, the profit percentage system at present, and the system of taking sole responsibility for profit or loss which should be introduced hereafter, for instance, can all be called profit or loss responsibility system. Therefore, the issue is not whether it is the profit or loss responsibility system, but what kind of responsibility system. The divergence is whether, when the proper relative independence is truly achieved, state enterprises should take sole responsibility for profit or loss. As for the system of assigning responsibility for profit or loss, many enterprises have already introduced it. It is an effective method in the course of enlarging enterprise power, but we should realize that the enterprises following this method have not acquired the relative independence which should be granted them in the future. We must not belittle the significance of the present practices of assigning responsibility for profit or loss, as they are suited to the conditions of some enterprises now and for a time to come. However, is it conceivable that the long-range goal of reform is the implementation of the system of assigning responsibility for profit or loss and its corresponding set of systems? Obviously not. Actually, it is for the very purpose of making a distinction from the present system of assigning responsibility for profit or loss and all kinds of similar profit or loss responsibility systems that we insist on taking sole responsibility for profit or loss as a long-range goal of state operated economy in the reform.

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## ECONOMIC MANAGEMENT

### GUANGDONG ENTERPRISES REPORT INCREASED EARNINGS

Guangzhou NANFANG RIBAO in Chinese 18 Nov 82 p 1

[Article by this paper's correspondent: "Provincial State Run Enterprises Increase Funds by 1.1 Billion in 3 Years"]

[Text] According to the statistics compiled by Guangdong Provincial Department of Finance, the 3 years from 1979 to 1981 saw a growth of the total revolving funds of all the state-run enterprises in Guangdong Province to 1,720 million yuan, 1,110 million yuan more than the amount reported in 1978, the year before the enterprises were granted a larger degree of financial independence. The total revolving funds represented the sum of enterprise funds, shares of profit retained by the enterprises, surpluses from the reconciliation of profits and losses retained by those enterprises that were made responsible for their own profits and losses, and the after-tax income of those enterprises selected for the experiment in which the state share of the income was realized in the form of taxes. This year, the total revolving funds are expected to again grow by more than 600 million yuan.

Beginning 1979, a number of management reforms were introduced in the state-run enterprises to allow them greater financial responsibilities, such as allowing them to retain a certain percentage of profits, making them responsible for their own profits and losses, etc. Practical action in the past 3 years has proved that such reforms are instrumental as well as remarkably effective in stimulating the economy in general, encouraging the enterprises to increase profits and reduce expenses, to improve their operation and management, and to achieve higher economic efficiency, and in arousing the enthusiasm of the rank and file. Many enterprises, being granted a larger degree of financial independence, have put their shares of the profits into buying machinery and equipment, adding production lines, improving working conditions, adding public facilities for the staff and workers, and raising wages.

Departments concerned have pointed out that the reforms of enterprise management and financial independence for the enterprises are largely untried methods. Inexperience has created certain problems that need to be tackled and resolved. However, those reforms that have already proved successful must be maintained and continued so that they can be further improved and perfected.

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## ECONOMIC MANAGEMENT

### 'SICHUAN RIBAO' ON CONSOLIDATING MANAGEMENT WORK

HK141148 Chengdu SICHUAN RIBAO in Chinese 3 Dec 82 p 1

[Editorial: "We Must Seriously Consolidate Management Work When Consolidating Enterprises"]

[Text] In line with the 12th Party Congress spirit, existing enterprises must be consolidated in an all-round way. This constitutes one of the major tasks on the industrial and communications fronts during the "Sixth Five-Year Plan and is an important measure to ensure economic work centers on improving economic results. Leading cadres at various levels on the industrial and communications fronts must concentrate their efforts and diligently carry out the work.

Enterprise consolidation is mainly aimed at improving economic results. To attain it, we must strengthen management work. At present, the problem of poor management and vast waste really has not been solved in the province's industrial and communications enterprises. Even in the first group of enterprises which are now being consolidated, only a few of them have been successful in management work. If management work is not improved, better economic results cannot be expected, even though advanced equipment is provided. Therefore, this vital problem of consolidating management work should be seriously dealt with when consolidating enterprises.

How should management work be consolidated? What should be done? Based on the realities in our province, five key points were proposed at a provincial forum held in Chongqing in May this year on the issue of enterprise consolidation. They are: 1) The responsibility system concerning economic work should be established and perfected step by step; 2) Quality checks must be made in an overall way; 3) The factory monetary system [chang bi zhi 1681 1618 0455] must be developed as a key measure to promote overall business accounting; 4) The number of staff members and production quotas must be fixed; and 5) Basic work must be strengthened. These five measures are the main requirements for enterprise management work, which must be carried out step by step and with painstaking efforts in consolidating enterprises. The first group of enterprises which are now being consolidated must firmly act accordingly. We must conduct strict investigations to see whether these enterprises have acted accordingly or not. If they fail to do so, they should be reconsolidated.



This newspaper today publishes the experience of the Jiangling machine building factory in consolidating management work. It provides a good example in this respect, which is worth learning from and taking as a reference. The following are their experiences:

--In establishing the economic responsibility system, we must implement it at every level as the Shoudou Iron and Steel Company has done. From leading cadres at various levels to every common worker, people and duties must be assigned to each post. Duties must be fixed with certain quotas. Marks must be given to the quotas through punishments or awards. The quotas must be set in a higher standard and in a reasonable way. A difference in bonuses must be maintained to a certain degree. A system to assess proficiency must be strictly established by means of punishments and awards.

--In the sphere of overall quality checks, a system to guarantee quality must be set up in the factory, workshops and work teams when ideological education is being strengthened. This system must cover the whole production process--from raw materials to finished products. A system to collect information on product quality internally and externally must be established and perfected, and must be carried out seriously.

--In practicing overall business accounting, a factory monetary system must be developed as a key measure to make use of the law of value, thus making the abstract movement of funds of an enterprise become something of substance which can be seen by broad sections of workers. By doing so, a strict system of business accounting can be instituted in the whole process and every link of production.

--In fixing the number of staff and the production quota, we must first stress tapping the potential of the labor force, reduce redundant staff and properly arrange them so as to ensure higher labor productivity.

--In the field of basic work, a system must be established and perfected in collecting firsthand information, calculations and measurements on consumption of raw and other materials, fixing quotas for work hours and output of products and in the expenditure of raw material fuels, the labor force and spare parts within the enterprises, so as to provide a reliable basis for strengthening all management work.

Doing well the above mentioned management work of the enterprises is not an easy job. We will surely encounter all kinds of contradictions. We must, therefore, conduct a great deal of thorough and painstaking work. We must work with a dauntless, unyielding spirit. We must advance in face of contradictions and difficulties. Things usually go like this--when difficulties are overcome, great progress is made. If we are afraid of trouble, simplify matters and are unwilling to work hard, then management work will not be improved and economic results will not be enhanced.

Whether or not the management work of enterprises can be consolidated rests on the mental attitude of leadership groups. It also depends on whether there are a few "clear-headed persons" in leadership groups, who must be energetic



and good at management and business. Viewing the first group of enterprises which are now being consolidated, we can see some of them have achieved great progress and successful results, but some have only made little progress and have failed to achieve better results. This is where the gaps lie. We must realize that the knowledge and ability of the cadres who are in charge of the management work of existing enterprises have not yet met the demands of the modernized production of the socialist enterprises. However, if our cadres are highly spirited, they can learn what they do not know and gradually become good managers of the enterprises in practice. We hope leading cadres at all levels on the industrial and communications fronts will enhance revolutionary vigor and take enterprise consolidation as one of the major tasks in implementing the 12th Party Congress spirit. We hope they will study hard and assiduously and strive to be good at management and business so that the managerial level of our enterprises will be greatly improved and economic results greatly increased.

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## ECONOMIC MANAGEMENT

### NEI MONGGOL: KONG FEI ON ENTERPRISE CONSOLIDATION

SK230450 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 21 Dec 82

[Text] In his government work report, Chairman Kong Fei said that efforts should be made to speed up enterprise consolidation. He stressed: It is necessary to take the success or failure of economic returns as a yardstick in measuring the result achieved in consolidating enterprises. He urged the industrial and communications departments at all levels to earnestly sum up their experiences gained in work and to map out plans at an early date for consolidating operations and building "six good" enterprises next year. Resolute efforts should be made to promote into leading posts middle-aged and young cadres and technical personnel who have ability, work experiences, a hard-working and revolutionary spirit and specialized and managerial knowledge, as well as are upright and honest and able to create a new situation in work.

Kong Fei pointed out that efforts should be made to integrate the work to establish or improve various managerial regulations and rules and various responsibility systems with the task to readjust, restructure and reorganize enterprises. It is necessary to consolidate enterprises in a comprehensive way so as to steadily improve economic responsibility systems. Efforts should be made to steel the operation of conducting technical renovations and adopt administrative or economic measures for bringing into full play the enthusiasm of technical renovations. We should uphold the principle of chiefly relying on intension [nei han 0355 3211], tapping latent power and conducting technical innovation and renovations to further upgrade the level of technology and management among enterprises.

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## ECONOMIC MANAGEMENT

### GUIZHOU PROVINCIAL ECONOMIC CONFERENCE ENDS

HK220706 Guiyang Guizhou Provincial Service in Mandarin 1100 GMT 20 Dec 82

[Excerpts] The 11-day provincial economic work conference convened by the provincial people's government ended this morning. In summing up the conference, governor Su Gang said: It is absolutely necessary to shift economic work for next year to the improvement of economic results. We should strive to effect marked changes and promote a relatively big increase in order to add new lustre to the four modernizations.

The conference concentrated on studying the question of how the economic front throughout the province can implement the instructions of the central authorities and the provincial CPC committee on economic work in various parts of the province. The conference called on comrades from various localities, departments and fronts throughout the province to further enhance their revolutionary spirit in the coming year and work diligently and conscientiously so that economic work in our province can make new headway on the basis of overall improvement this year. The conference particularly stressed that both the new and old comrades in the leading bodies at various levels should make a concerted effort, take common responsibility and pay close attention to production in the first quarter of next year in order to gain initiative for work throughout the year.

The conference demanded that our economic work for next year should be shifted to the track of tacking improvement of economic results as the core and that we should strive for a big breakthrough and great progress in improving economic results.

The conference also discussed and studied the question of implementing the economic responsibility system, calling on the industrial, communications, financial and commercial departments and various services and trades to practice the economic responsibility system in an all-round way. Those which have practiced the responsibility system should march toward a new realm by attaining more perfection and those which have not practiced the responsibility system should practice it in an all-round way in order to greatly improve economic results. While paying attention to popularizing the economic responsibility system, it is also necessary to pay attention to the reorganization and alliance of enterprises.

Those who attended the conference included responsible comrades in charge of industrial, communications, financial and commercial affairs in various prefectures, autonomous prefectures, municipalities and counties and responsible persons of relevant departments and bureaus at the provincial level.

Vice Governor Zhang Yuhuan spoke at the beginning of the conference and Governor Su Gang made a summary of the conference.

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## ECONOMIC MANAGEMENT

### BRIEFS

GUIZHOU QUALITY CONTROL MEETING--The provincial meeting on quality control, which lasted for 5 days, successfully ended in Guiyang on 13 December. Some 170 people from 42 advanced groups of quality control in 24 enterprises from all areas and the national defense industrial departments in the province attended the meeting. The meeting reviewed the situation in the past 3 years since implementing quality control activities and affirmed the achievements made by the province in this field. A total of 17 representatives of advanced quality control groups introduced their experience in this work. A principal leading comrade of the provincial economic commission delivered a speech, demanding economic commission in all areas and relevant department pay much attention to the work of quality control and treat it as the lifeline of enterprises. He called for the popularization of education in quality control. To recommend those advanced enterprises which have done a good job in quality control, the provincial government held on the morning of 13 December the provincial conference of advanced quality control groups and best quality products of 1982. Vice provincial governors (Wang Chaowen) and (Zhang Yuhuan) attended the meeting and awarded prizes to 24 relevant advanced enterprises and groups. [Guiyang Guizhou Provincial Service in Mandarin 1100 GMT 14 Dec 82 HK]

GUANGDONG STREAMLINES INDUSTRIAL MANAGEMENT--Guangdong Province is taking active measures to promote experiences of Qingyuan County in streamlining industrial management. At present, there are 63 counties and 2 small towns throughout the province which have succeeded in streamlining industrial management and closing down industrial bureaus. Industrial enterprises in these counties and towns are directly led by economic commissions of the counties and towns concerned. Work efficiency has thus been raised and development of local industry promoted. After learning from the experiences of Qingyuan County in streamlining industrial management, these 60 counties and towns have expanded the power of their economic commissions so that routine economic activities are carried out under unified guidance. As a result, great changes have taken place in local industry throughout the province. [Text] [Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 8 Dec 82 HK]

CSO: 4006/180

## FINANCE AND BANKING

### 'RENMIN RIBAO' ON USE OF FUNDS BY LOCALITIES

HK240342 Beijing RENMIN RIBAO in Chinese 21 Dec 82 p 5

[Article by Shen Liren [3088 4539 0354]: "Encourage the Proper Use of Funds"]

[Text] These past few years, in the process of the readjustment and initial reform of the national economy, a new situation has arisen in the use of funds. The state's financial income has dropped, representing an ever-diminishing percentage of the total national income. On the other hand, income not covered by the budget, including local financial income, funds retained for state-run enterprises and the funds of collectively-owned enterprises, have shown big increases. In the past, all the income outside the budget was equivalent to 20-30 percent of that within the budget. Now it has exceeded 50 percent, reaching approximately 60 billion yuan. In addition, credit funds of banks have surpassed that of the 100 billion yuan mark. The above situation reflects an excessive diffusion of funds. Of course, we can appropriately readjust the proportions of income at the central and local levels and appropriately readjust the percentage of profit retained for enterprises, or the amount of profit or loss estimated on a contract basis. But even given readjustments, the funds of localities, enterprises and certain departments will still be quite plentiful. This is because the readjustment of proportions is by no means a matter of retracing the old road and restoring the system of imposing excessive and rigid controls, as was practiced in the past. Rather it is a matter of continuously investing a certain degree of flexibility and decision-making power in localities and enterprises and arousing their enthusiasm for increasing income and reducing expenses.

Therefore, an important task now is that given the proper arrangement of funds at the central level, we must make proper arrangements for the funds of localities and enterprises and other funds and, in a planned manner, direct more and more money of various kinds toward construction and technical transformation and other projects urgently needed by the state. This will help divert such money toward the proper channels and prevent chaos in its application. It will also help solve the problem of inadequacy of funds for the whole construction effort and insure the needs of building strategic priority projects.

Then what are the proper channels for such money to be directed? In light of the needs of the development of our national economy for a fairly long period of time to come, and in light of the different sources of such money, its nature, and its features, we generally have the following fields in which money should be invested.

1. Small-sized projects in the energy, transportation, postal and telecommunications fields and those projects calling for the linkup of relevant equipment. Energy, transportation and postal and telecommunications industries require large amounts of investment. Central funds can only be mainly devoted to priority projects and cannot be completely committed to them. It is still necessary to widely tap on other sources of money, so that various parties can share the work and cooperate with each other. In coal mining, for example, the central authorities open up big mines. Various provinces work on medium-sized mines while counties and communes tackle small mines. Regarding hydro-electric stations, the central authorities launch big stations, various provinces, launch medium-sized stations, and counties and communes launch small stations. Concerning transportation, the central authorities concentrate on railroads, navigation routes and highways across provinces, while localities develop other water and overland transportation projects. Thus, we can enlarge the scale, accelerate the pace of progress, do a good job of linking up relevant projects and achieve early results.

2. The technical transformation of existing enterprises and the streamlining of equipment. To realize the goal of quadrupling output, the existing enterprises are shouldering a heavy burden. As to whether they are equal to the job, the important thing is whether they can properly take care of technical transformation and the streamlining of equipment--an effort focusing on the conservation of energy and the improvement of economic results. In this regard, we must have enough financial and material resources. Regarding financial resources, we do not rely chiefly on financial appropriations. Rather we rely on enterprises to raise money on their own and support and cooperate with other sources. Since the Capital Iron and Steel Company introduced the economic responsibility system, funds for streamlining and transformation, including rational expansion, have been wholly obtained from the percentage of profit retained. There has been no need to ask the state for money. Overhaul funds and depreciation funds of various enterprises are high. Put in the banks, they can, under the unified control of the relevant leadership organs, be drawn upon to meet each other's needs. Given proper overall planning, they can to a large degree, gradually satisfy the needs of technical transformation of existing enterprises.

3. Investment in education, science, culture and other intellectual efforts. Education and science have become the strategic focal points of economic construction. Culture, physical culture, public health, and so forth are also important parts of the program for the building of spiritual civilization. To do these things, we must similarly arouse the enthusiasm of the central authorities, regions, departments, enterprises and even individuals. Only in this way can we meet the needs for developing the situation. These few years, many provinces and municipalities have appropriated money from local funds for education. By drawing on public reserve funds, a number of communes and brigades that have gotten rich first have led the way in supporting schools, cultural stations, and commune hospitals. The Fujian Provincial CPC Committee has decided that from next year, local funds will be mainly devoted to investment in intellectual efforts. This is an extremely far-sighted move.

4. The building of housing and public facilities and the gradual improvement of the people's standard of living. For a long period of time, there has been an imbalance between the "bone" and the "flesh" in economic construction. Debts have piled up, in the past few years, in servicing debts, apart from arranging payments for those within plans, we have also additionally arranged much money in settlement of those outside the plans, Of the several tens of millions of square meters of housing built in towns and cities every year, at least one-third involve investment by areas at various levels and various kinds of enterprises. In further improving the standard of living of the people in future, we must rely all the more on the collective wisdom and efforts of the masses. As far as this problem is concerned, we cannot seek "taking uniform steps." We must encourage areas, departments, enterprises, communes and brigades with favorable conditions to improve the standard of living of the people a bit quicker and solve their problems a bit earlier. Of course, with the whole situation in mind, we must see to it that the standards for housing are not too exacting. We must pay attention to the economical use of land. Other public facilities must be linked to make things complete. Meanwhile, in the immediate future, we must also properly control the investment of money in housing.

5. Economic and technical cooperation between departments and areas at all levels. Various coastal provinces and municipalities have money and technology while various provinces and autonomous regions in the interior part of the country have resources. The establishment of economic and technical cooperation between them helps to tap the potential, satisfying each other's needs, and accelerating development. Through cooperation, a number of mining and industrial enterprises have now begun to be built or put into production. For example, through cooperation with the relevant provinces and municipalities, hydroelectric, coal, chemical and other departments have additionally set up some electric power stations, coal mines and petrochemical factories. With relatively plentiful reserve funds, large-sized enterprises, joint enterprises and agricultural, industrial and commercial undertakings of some provinces and municipalities have set up raw material bases and processing centers in inland counties and communes and have blazed new trails. The problem now is that the state leadership organs must take advantage of the favorable situation and strengthen the planning of this kind of cooperation, so that it can benefit not only the party but also the whole.

6. Other things that can be appropriately done by areas, departments and enterprises. Ours is a vast country with a large population. Many things remain to be done. If we just rely on central planning, some omissions will be inevitable. Given a certain amount of money, localities, departments and enterprises can, with regional and seasonal factors in mind, handle those things that need to be done and can be done well. These few years, some areas and departments have invested in forestry, animal-breeding, fishing, food-stuffs, fodder, construction material and other industries, making up for the lack of state investment. National defense industries have become vigorously involved with products for civilian use. Large-sized enterprises have promoted a diversified economy. Some communes and brigades have taken up the processing of agricultural and sideline products. Some specialized households and priority households have set up animal-breeding farms. They have generally



produced a very good effect. We must encourage and maintain this kind of enthusiasm. We must never consciously or unconsciously dampen it.

In order to disperse funds through various areas, departments and enterprises to be effectively used for the various purposes mentioned above, we must, under the guidance of a correct guideline, incorporate a comprehensive balance between financial, material and manpower resources into a planned work program. Jiangsu Province has a relatively large local income. Money outside by the budget is relatively plentiful. It has formulated an experimental comprehensive financial plan and made overall arrangements for revenue and expenditure, credit funds received or paid out, cash receipts or payments, financial income and expenses of communes (reserve funds), and so forth, guiding the rational use of various kinds of money and their adjustment and stimulating production and construction. It seems that the formulation of comprehensive commodity plans, comprehensive capital construction plans and comprehensive technical transformation plans and the strengthening of a macroscopic balance must gradually catch up. Meanwhile, we must introduce a series of policies, measures, decrees and systems, encouraging areas, departments and enterprises to devote funds to construction projects urgently needed by the state. Given the practice of "coordinating all the activities of the nation like pieces in a chess game," we must effect the proper division of assignments between the central authorities and regions and between departments and areas at all levels and basically avoid the blind pursuit of overlapping investments and overlapping production in mutual competition for raw materials and for the market.

CSO; 4006/180

## FINANCE AND BANKING

### BANK OF CHINA FUNDS ENERGY, TRANSPORT GROWTH

OW290217 Beijing XINHUA Domestic Service in Chinese 0707 GMT 26 Dec 82

[Text] Beijing, 26 Dec (XINHUA)--To support energy and transport development and assist the technical transformation of small and medium-sized enterprises, thus promoting the four modernizations, the Bank of China is preparing more funds by actively tapping potential.

According to a report, the Bank of China, acting in line with the state plan, is preparing loan funds to support offshore petroleum prospecting and exploitation and the construction of large coal mines and of railways. Before 1985, the Bank of China will provide small and medium-sized enterprises with 1 billion yuan foreign exchange funds at a preferential interest rate in support of their technical transformation. This sum, plus the previous loan, amounts to 2 billion yuan. This sum of money, calculated on the basis that each enterprise is given an average loan of \$500,000 and circulated one more time, is enough to support the technical transformation of about 4,000 small and medium-sized enterprises.

In recent years, the Bank of China has attained fairly good economic results extending loans in support of energy and transport development and the technical transformation of small and medium-sized enterprises. Since 1979, the Bank of China has extended loans worth \$2 billion in support of expansion and development projects in the oilfields of northeast China and the Shengli oilfield and in support of the construction of 7 coal mines in Shandong Province and other areas. In the field of transport, the Bank of China has extended a loan of \$1 billion for the purchase of ships. This has added 2 million dun loading capacity to China's oceangoing freighters, thus further expanding China's capacity to ship import and export goods in foreign trade. The Bank of China has also extended loans worth \$30 million to the marine shipping departments in Shandong, Liaoning, Jiangsu, Fujian and Guangdong and other coastal provinces for the purchase of coastal freighters. This has improved the cargo and passenger transport services of China's coastal provinces and municipalities. The Bank of China has also extended loans to support harbor construction and to help civil aviation departments purchase new aircraft, to expand the loading and unloading capacity of ports and improve China's international shipping.

Apart from this, the Bank of China's branches in various localities have also extended foreign exchange loans worth more than \$1 billion in support of more than 6,000 technical transformation, projects of which over 4,000 are projects in support of technical transformation of small and medium-sized enterprises, particularly light industrial and textile enterprises. These projects need only a small investment, but yield quick and big returns. As a result, fairly good results have been achieved.

CSO: 4006/180

## FINANCE AND BANKING

### BANK OF CHINA FOREIGN TRADE LOANS UP

OW261332 Beijing XINHUA in English 1217 GMT 26 Dec 82

[Text] Beijing, 26 Dec (XINHUA)--Positive results have been reported from loans issued by the Bank of China over the last few years in support of foreign trade and national construction, according to a national meeting on credit investing.

According to figures released by the bank, by the end of November this year, loans issued by the bank for foreign trade had increased from 20 billion yuan (renminbi) in 1978 to 40.3 billion yuan, basically meeting the needs for funds by foreign trade.

From 1979 to November this year, 11 billion U.S. dollars issued by the bank as foreign exchange loans had been utilized.

This includes an additional 1.03 billion U.S. dollars loans for purchasing ocean-going vessels. The supplemental investment has helped increase tonnage of the Chinese ocean-going fleet from eight to ten million tons. Coastal provinces including Shandong, Liaoning, Jiangsu, Fujian and Guangdong have also used the loans from the Bank of China to buy vessels. The loans were used for port construction and for buying planes as well.

The new total includes two billion U.S. dollars used as buyer's credit at low interest for the exploitation of oil and extraction of coal. The completion of seven coal mines with this credit should increase coal output by 21 million tons every year, the meeting was told.

Apart from these loans, the bank had also issued 930 million yuan loans to buy equipment for expanding the production of the commodities for export.

In order to more effectively meet the needs of China's modernization drive, the bank announced that it will issue more loans to support foreign trade, as well as to energy and communications which it said are weak links in China's construction. Before 1985, the bank plans to issue an additional one billion U.S. dollars at preferential interest rates to support the technical transformation of medium-sized and small enterprises.

CSO: 4020/35

## FINANCE AND BANKING

### 'SICHUAN RIBAO' ON PROVINCE'S BANKING WORK

HK141400 Chengdu SICHUAN RIBAO in Chinese 2 Dec 82 p 2

[Article by Sichuan branch of the People's Bank of China: "Implement the 12th Party Congress Spirit, Create a New Situation in Banking Work"--passages within slantlines published in boldface]

[Text] The 12th Party Congress has outlined a program of struggle for creating a new situation in all fields of socialist modernization. Of the various tasks for creating a new situation in all fields, the most important one is to keep on pushing forward the modernization of socialist economic construction and promoting an all-round upsurge in the socialist economy. As the overall department of the national economy, the people's bank is the general key to the movement of socialist capital and shoulders the heavy task of raising and allocating as well as centralizing and administering credit funds. Implementing the spirit of the 12th Party Congress means that we must take raising economic benefit as the core, further give play to its functional role, increase the operational benefit of credit funds and make new contributions to promoting an all-round upsurge in the socialist economy and creating a new situation.

//1. Strive to raise more funds for developing production and expanding circulation.// Bank credits have always been an important channel of our country for centralizing and allocating production and construction funds. Since the founding of the People's Republic, the savings deposits absorbed by our provincial people's bank have continued to increase by a big margin, and they are playing an active role in centralizing funds and promoting the readjustment and development of our provincial economy. The 12th Party Congress has proposed that the state must concentrate needed funds on key development projects. This means that it is even more necessary to raise more funds by means of banking credits, support the development of production and expansion of circulation and guarantee an all-round upsurge in the socialist economy. Therefore, apart from continuing to energetically develop savings deposits, actively organizing public savings, properly managing cash reserves, speeding up accounting, changing decentralization to centralization and putting idle cash to use so that a powerful capital capability will be formed, we must, in particular, make a new breakthrough and greatly develop the insurance business. Domestic insurance has just been restored in our province, and it has great potentialities.

It not only can establish a reliable economic compensation system to cope with and pay for economic losses resulting from unexpected disasters and accidents, but with an unremitting increase of insurance funds, it can also provide long-term and huge capital for economic construction.

//2. Exert great efforts to economize floating capital, speed up capital turnover and raise economic benefit.// At present, the industrial and commercial enterprises of our province have taken up a great deal of the floating capital. Slow turnover and poor benefit is an outstanding problem in economic construction which requires urgent solution. According to statistics, if the capital turnover of local and state-run industrial and commercial enterprises throughout the province can be speeded up and if the amount of funds taken up can be reduced by 2-3 percent, the province will be able to save several hundred million yuan a year. This is an important way to save money which we cannot ignore. Banks must give full play to the leverage role as well as the supervisory role of credits and interest, adhere to implementing the principle of "selective fostering" and "determining loans based on sales" and promote enterprises in the all-round readjustment to set up and perfect a management system for floating capital, actively deal with overstocking of goods, produce marketable commodities that are good in quality and cheap in price and needed by society and rationally organize the circulation of commodities. They must also make use of extensive connections and show sensitive consideration to make a success of the work of supplying economic information and provide guidance and service so that the enterprises can avoid blind production and supply and make rational and economic use of funds. At the same time, they must pay special attention to the important principle of "concentrate funds on key development projects and continue to improve the people's livelihood," make unified planning and all-round arrangements for floating capital, and on the basis of integrating macroeconomics with microeconomics, properly manage and use floating capital and raise the socioeconomic benefit of credit funds.

For the sake of speeding up capital turnover, beginning this year we have been experimenting with a new method of managing floating capital loans in some enterprises. We have changed the former method of controlling loans based on fixed assets to the method of controlling loans and fixing a floating interest rate based on the turnover of floating capital. Enterprises with quicker turnover in floating capital will be rewarded by loan priority and a lower interest rate. Otherwise, they will be punished with loan restrictions and higher interest rates. In future, we must energetically carry out this new method and continue to perfect it.

//3. Properly control the making of medium and short-term equipment loans, concentrate on supporting the technical transformation of enterprises.// Premier Zhao Ziyang pointed out: "On the basis of new techniques, new equipment, new materials, new technologies and new products, quadrupling production can be accomplished. Without relying on scientific and technological progress, there is a danger of this goal falling through." Our banking work must pay close attention to this link of technological progress and energetically support various professions and trades to shift production to this new and advanced technical foundation. The technological and technical level of many

enterprises in our province is not high. Equipment is fairly backward and economic benefit is poor. Therefore, banks must properly control the making of short-and medium-term equipment loan and pledge to concentrate on the technical transformation of enterprises in order to improve product quality, increase product variety, lower production costs, economize on energy consumption and increase the profits and financial income of enterprises. Under the unified planning and all-round arrangements of the whole province, they must make use of the limited amount of funds for the technical transformation of the most urgently needed key trades and enterprises in order to achieve better benefits.

CSO: 4006/181

## FINANCE AND BANKING

### PEOPLE'S CONSTRUCTION BANK HOLDS WORK CONFERENCE

OW300346 Beijing XINHUA in English 0326 GMT 30 Dec 82

[Text] Beijing, 30 Dec (XINHUA)--The People's Construction Bank of China will adopt measures to continue checking the scale of capital construction and to give priority to key energy and communications projects, according to a national work conference being held by the bank here.

At the same time, better results will be achieved from the investment for fixed assets, with a view to ensuring the realization of the Sixth Five-Year Plan (1981-1985).

This is also an important guarantee for materializing the strategic goal in China's economic construction in the coming 20 years, said Zhou Hanrong, vice president of the bank.

China has decided to invest a total of 360 billion yuan for fixed assets during the Sixth Five-Year Plan period and the majority of the funds are to be supplied by the People's Construction Bank of China which specializes in managing funds for capital construction and for technical transformation.

Apart from giving priority to the key projects, the bank also plans to make provisional loans to those key projects which have proceeded faster than the original plan and need additional funds, Zhou Hanrong said.

The bank also expects to give financial support to those projects which are required to go into operation according to state plan but lack only small amounts of funds for the finishing touches.

Projects for expanding processing capacity must be held back to give way to key projects, the vice president said. Appropriation of funds for these projects must be strictly controlled. The bank will investigate and offer proposals to the departments concerned with cancelling or readjusting manufacturing projects for products which will find no market or appear to be excessively energy-consuming.

The loans issued by the bank for capital construction should also be kept within the state plan.



According to figures provided by the vice president, the bank has issued 2.3 billion yuan loans for power construction, energy saving and chemical, light and textile industries this year. In the last three years, the bank altogether provided three billion yuan loans for increasing power generating capacity and for ensuring 24 large and medium-sized power plants to go into operation in time or ahead of schedule. These power plants have added a total generating capacity of 5.18 million kilowatts.

CSO: 4020/34

## FINANCE AND BANKING

### STATE COUNCIL ISSUES CIRCULAR ON FUNDING

OW220841 Beijing XINHUA Domestic Service in Chinese 0145 GMT 20 Dec 82

[Text] Beijing, 20 Dec (XINHUA)--The CPC Central Committee and the State Council recently issued a circular on collecting funds for the major energy and transport projects of the state, calling once again for collecting funds of 20 billion yuan to be invested in major energy and transport projects during the last 3 years of the Sixth Five-Year Plan.

The financial and banking departments will be responsible for raising 8 billion yuan of the investment funds, while the remaining 12 billion yuan will be raised by collecting "funds for major energy and transport projects of the state" from the funds not included in the budgets of various localities, departments and units, beginning 1 January 1983.

The circular pointed out: It is an important policy decision of the state to collect 20 billion yuan in funds for major energy and transport projects in the next 3 years. The decision is an important event that has great bearing on the whole situation and it conforms to the fundamental and long-term interests of the people. It is not only an important economic task but also a political task.

The circular said: The funds not included in the budgets of various localities, departments and units amount to approximately more than 200 billion yuan a year. Ten percent of the actual annual revenues that are not included in the budgets--excluding revenues from local additional taxes for agriculture (animal husbandry), miscellaneous fees for middle and primary schools, funds reserved for major repair work at state-run enterprises and maintenance funds for oil fields and funds for forestry--will be collected and turned over to the financial department of the central authorities for appropriation. Both Guangdong and Fujian provinces as well as PLA units will be requested to turn in funds in accordance with the regulations. In this way, funds can be collected from a greater number of units, while the collection rate will be a little bit lower. When funds are shared by all departments, the amount collected will be smaller and the policy can be carried out in a steady way and work enthusiasm of various departments will be protected. When part of the funds scattered in various places across the whole country are thus collected, with many little sums adding up, the state will be capable of completing a few major projects.

The circular particularly stresses that the collection of funds for major state energy and transport projects must be carried out in accordance with the set policy. Collection of the funds must be made strictly in accordance with the assessed rate, and the rate cannot be raised or lowered without authorization. All units must adopt the overall point of view; enhance their understanding and consciousness in carrying out the policy; observe financial and economic discipline; make reports to the collecting organs strictly in accordance with the facts; and turn in sufficient funds in time. All units should not resort to deception in an attempt to conceal revenues. It is necessary to consider paying the funds for energy and transport projects as an honorable duty of their own in creating a new situation in socialist modernization that has to be fulfilled and as their due contribution to the state. People's governments at all levels must strengthen their leadership and guarantee the successful fulfillment of the collecting of the funds.

CSO: 4006/179

## FINANCE AND BANKING

### BRIEFS

GUANGDONG RURAL SAVINGS--From January to September this year, rural savings in Guangdong Province continued to grow at an accelerated pace, putting this province ahead of all other provinces and municipalities of the nation in this growth. Statistics show that by the end of September, total rural savings reached a combined balance of 3,223.73 million yuan, up by 766.9 million yuan from the first of the year. Of this amount, credit associations received deposits by commune members totaling 2.756 billion yuan, up by 638.67 million yuan from the first of the year. This growth moved Guangdong Province from the nation's second place at the first of the year to the first place in total amount of rural savings. This means each rural person has 66.48 yuan in personal savings. It reflects the rosy picture of the province's rural economy. [Text] [Guangzhou NANFANG RIBAO in Chinese 7 Nov 82 p 1] 9055

CSO: 4006/141

## MINERAL RESOURCES

### NONFERROUS METALS INDUSTRY MAKES PROGRESS

OW290427 Beijing Domestic Service in Mandarin 1200 GMT 23 Dec 82

[Text] The nonferrous metals industry has effectively made in-depth progress in its work in all respects since the beginning of this year, as a result of its efforts to carry out an all-round consolidation of its enterprises, with higher economic results as the focal point. The industry has been 8 days ahead of schedule in fulfilling the annual output target in 10 nonferrous metals. They are copper, aluminum, lead, zinc, nickel, tin, antimony, mercury, magnesium and titanium. The output in processed products of 18 nonferrous metals, including copper, tungsten and zinc, and smelt products of rare metals have increased 15.3 percent and 6.3 percent respectively compared with last year. The industry has also overfulfilled the annual production plan for the seven mineral-content metals: copper, lead, zinc, nickel, tin and (?antimony).

The nonferrous metals industry has raised the quality of its products this year. World standards have been attained in the quality of the processed products in 21 nonferrous metals and smelt products of more than 20 rare metals. Gaining credit on the world market, these products have been exported in relatively larger amounts this year.

CSO: 4006/180

## INDUSTRY

### HEAVY INDUSTRY, ECONOMIC GEOGRAPHY OF THE BAOTOU REGION

Paris LE MONDE in French 19/20 Dec 82 p 4

[Part 3 of an article by Manuel Lucbert: "Across the Steppes of Inner Mongolia: Baotou: Heart of Steel"]

[Text] The Mongolian steppes, dotted here and there with industrial towns, have experienced more deeply than a lot of other regions in China the shifting patterns of the Cultural Revolution, and its "leftist" bias is far more persistent there than elsewhere (LE MONDE, 17-18 Dec 82). The authorities have made some attempts, however, to rectify the mistakes of the past.

BAOTOU -- Located at the base of the Qinshan (Blue) Mountains, some 150 kilometers west of the provincial capital of Hohhot, the city of Baotou, in the eyes of the communist government, symbolizes the Inner Mongolia of tomorrow: it is modern, industrial, and basically not very Mongolian at all.

In the old days, this place must have been pretty wild, if we are to judge by its name. In Mongolian, Baotou is said to mean "the place where the deer run." Alas! Those lovely antlered creatures have long since vanished from their ancient haunts on the outskirts of what today is a vast industrial agglomeration; and you really need a sharp eye to catch an occasional glimpse, in its exurbs, of a horse -- although the horse is inseparable from our image of the Mongol -- not to mention a camel sadly pulling a cart with a peasant riding in it.

#### Mao's Long Shadow

Spacious avenues broad as rivers, imposing buildings housing a hotel here, educational institutions or cultural centers there and, still looming over the city, the shadow of Mao: several heroic statues of him still stand at various sites throughout the city: that's what Baotou, steel heart of the Autonomous Region of Inner Mongolia, looks like, a place where products for consumption by

its national minorities are relegated to the "folklore" departments of the big local emporium. The city's population (it has 1.5 million inhabitants), we were told with pride by one of the city fathers, is made up of 28 nationalities in addition to the Han, but the latter, he added, amount to 96 percent of the total...

You can still see traces of what Baotou was back in the days when it was a substantial village stretched on the fringe of the step-pes where the Yellow River holds a scrap of verdant plain in the crook of its arm: this is the old city, the lower city, a maze of alleys and lanes (hutongs) winding among adobe houses; at this time of year it is smothered in heat and dust. Rather than rebuild it, the new planners decided to build two new urban centers several kilometers away from the old one. Here and there in the gaps between the parts of the city, which cover 134 square kilometers, you can still see a few vacant lots and even some wheatfields.

Tacked onto all this are several small towns entirely concerned with mining (iron and coal) activities, as well as some rural districts, thus bringing the total expanse of the metropolitan area to 10,000 square kilometers.

In order to attract large numbers of people to the area within a short time, though, there had to be a very big project. The cult of industry that rode high during the Fifties, combined with the Soviet friendship -- still flourishing at the time -- provided the answer: build an enormous steel complex that would provide the foundation for the Autonomous Region's future industrial growth. Built with the help of Russian experts, the complex has come, over the years -- and despite the unpleasantness stemming from the break with Moscow -- to be a real state within a state.

#### A Payroll Big as Toyota's

Sprawling over an area of 5 square kilometers, this complex with its 34 production units employs more than 50,000 workers, as many as Toyota does in Japan, but needless to say not with the same efficiency. In all, it provides a living for 200,000 to 250,000 people, many of whom live near their work-place in bleak, graceless buildings whose like can be seen in any industrial suburb in the world today.

The first steel was poured here in 1960, we were told by Mr Ge Hongwen, vice president of the complex. In 1981, output came to 1.2 million tons of cast iron, and about the same for steel. The ore comes from the Bayun mine, which is located within the city's boundaries. Like a great many large industrial centers in China, this one maintains its own schools and kindergartens for its workers and their families, and even what is called a "university," as well as an 1100-bed hospital and two dispensaries.

Despite the assurances of the vice president -- appointed rather than elected, like the rest of the top executives -- who claims that the company's financial position has improved since the downfall of the "Gang of Four," the leadership faces two decisions of vital importance to their own economic future, and hence to that of the city -- not to mention the region as a whole -- but over which they do not have complete control.

On the one hand, they have to adjust to the "readjustment" policy which, for the past 2 or 3 years, has favored light industry. They have tried, as best they could, to accommodate to this state of affairs: the emphasis, they say, has of course been shifted to quality, and new products put on line (such as steel construction for farmhouses, and components for manufacturing bicycles and sewing machines), and there is a greater show of concern for pollution problems. On the evidence, though, output is still unsuited to the new conditions, witness, for one thing, the very large inventories that cannot be explained solely on the basis of shipping problems due to the clogged and overburdened railroads that link Baotou with Peking in the east and with Lanzhou in the west.

Another worrisome question, arising here and in other Chinese cities, is how to modernize the complex. A quick tour of the foundry and one of the rolling mills suffices to give an idea of the archaic state of the plants. Specifically, the vast foundry, open to the four winds and affording a view of the wildest imaginable disorder -- bringing to mind Emile Zola's descriptions of the ironworks of the last century: the men walk unprotected up to open hearths heated to a blistering 1000°; iron dust picked up and swirled in the gusts from outside, fills the lungs; nobody pays the slightest heed when men stroll past the open tunnel of unattended, though still burning blast furnaces. And amid this unholy mess hang slogans bragging of production records and -- irony of ironies -- the virtues of safety on the job.

That it must all be renovated, restructured, and reformed from top to bottom is painfully evident. But how? And with whom? The Russians went home in 1960, and haven't been back. Even today, they tell us here, there is no contact at all with them. Asking the Japanese, the Americans, or the Europeans to help could cost a great deal of money. Well, then?

### The Great Wall Still Stands

The tribulations of reconversion stem from the gigantism inherent in the undertaking. Just as the priority in agriculture went, in the past, to expanding grain acreage, but wound up with untoward consequences for all concerned, so the absolute priority given the heavy sector for so long has put a heavy mortgage on the region's future development. Of the 290,000 industrial workers in the city of Baotou, 200,000 work in heavy industry. In this whole



city, with its million and more inhabitants, there are only 255 small individually owned businesses. After 3 years of readjustment, the value of light industry production still does not account for any more than 23 percent of total industrial output. Of course, that is twice what it was in 1979, but the people we talked to seemed to be fairly skeptical as to the chances of keeping up that pace. "This is a heavy industry stronghold and, even in the years ahead, light industry cannot possibly catch up with it," we were told with much assurance by one of the local planning officials.

In its absolute conviction, this profession of faith seems typical of a particular mind-set encountered on the road from Baotou to Xilinhote by way of Huhehot. As a frontier province, a region of national and ethnic minorities and hence a sensitive area despite the heavy predominance of Han, Chinese Mongolia gives the impression, despite its recent opening, to be trapped in a time-warped history, like local television, which at best rebroadcasts programs from Peking with a 2-day delay. It is as though the mighty barrier of the Great Wall, designed and built to protect the Chinese capital against "barbarian" invasions from the north, were still every bit as formidable an obstacle.

We saw many instances of this lag, like the slogan we read on the way: "We shall pursue the proletarian revolution to the end under the leadership of Chairman Mao!" It made us smile, so incongruous and obsolete is its ring now. And we smiled again, albeit for different reasons, at this little poster we read in a village: "The dentist has come. He is from Zhejiang. He treats, repairs, and extracts. He lives at the hotel."

Slowly, Inner Mongolia is emerging from a long convalescence. But there are some formidable problems awaiting it on the road to progress: ecological imbalances, integrating the Mongolian younger generation into the Chinese world, industrial adaptation... Although the backwardness of the old days has apparently been largely overcome, there is still a long way to go before this region becomes what the Chinese government would like to see it: one of the most prosperous in the nation.

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CS0: 4219/20

## INDUSTRY

### BRIEFS

SICHUAN INDUSTRIAL PRODUCTION—Industrial production in the province continued to increase in November, with the total industrial output value amounting to 2.731 billion yuan, an increase of 7 percent over October and a record high in this year. Yongchuan and Mianyang prefectures even reached an increase of over 20 percent. The accumulated total industrial output value of the past 11 months in the province increased by 9 percent compared with the corresponding period last year. Accumulated profits obtained by local industrial enterprises of the province increased by 4 percent over the same period last year and the profits submitted to the state increased by 5.2 percent. The annual plan has been fulfilled ahead of schedule in 35 products. [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 14 Dec 82 HK]

CSO: 4006/179

## CONSTRUCTION

### LI XIMING URGES IMPROVED VILLAGE, TOWN PLANNING

OW211353 Beijing XINHUA in English 1150 GMT 21 Dec 82

[Text] Nanjing, 21 Dec (XINHUA)--China is now integrating environment protection and cultural development into plans for building its villages and rural townships inhabited by a total population of 800 million, according to Li Ximing, minister of urban and rural construction and environmental protection.

He said this at a national conference on construction in villages and towns that closed last week in Zhenjiang city, Jiangsu Province. Attending the conference were 250 officials in charge of rural construction from across the country.

In 1981, with the increase in agricultural production and rural income, delegates said, Chinese peasants spent 16 billion yuan on construction of houses. Total floor space of 600 million square meters was completed that year, while in 1978, only three billion yuan was spent on 260 million square meters.

However, inefficient planning of rural housing has resulted in occupation of farmland, delegates said. Therefore, they urged officials in charge of rural construction to give overall guidance, so that farmland could be conserved.

Every inch of land should be used rationally and the economical use of land is China's long-term policy, it was stressed at the conference.

Delegates called for attention to a balanced lay-out of cultural centers, clubs, bathhouses, kindergartens and other public facilities in planning construction of villages and towns. Attention must also be paid, they suggested, to planning a number of rural towns which will serve as economic and cultural, educational and scientific centers.

They also urged that efforts be made to train a professional force to help in the construction of new buildings and houses in China's several million villages and townships.

CSO: 4020/35

## DOMESTIC TRADE

### USE AIR RAID SHELTERS FOR BUSINESS ENTERPRISES

HK291040 Beijing RENMIN RIBAO in Chinese 22 Dec 82 p 2

["Short" commentary: "Make Full Use of Underground Shelters"]

[Text] In recent years, Beijing and other cities have turned underground air raid shelters into hotels, restaurants, shops, warehouses, theaters and recreation centers. This practice is well received by the people.

Many big and medium-sized cities lack commercial networks. If we are going to set up a commercial network on the ground, we shall spend more money and time in occupying land, removing old buildings and putting up new ones. At the same time, there are some underground shelters which have remained unused for a long time. Leading cadres of the central committee have instructed that "people's air raid shelters should be used for peace and war purposes if possible." Although many cities have taken this into consideration, in general the utilization rate of shelters is low. Some people are more interested in setting up new buildings at ground level rather than use available underground shelters, because the latter are dark and damp and are considered a millstone round the neck. However, by proceeding from reality, we can do a good job in ventilation, light entrances and exits, waterproofing, fire control and decoration, in light of local conditions, thus bringing "dead things" to life. Beijing has completed 1,100 underground enterprises based on independent business accounting. This has proved that we have made things convenient for the people and created huge wealth for the state.

The use of underground shelters has five advantages, namely: it is a great help to maintenance, management, and saving of maintenance costs and manpower; it provides more commercial networks which we greatly lack at present and makes things convenient for the people; it provides more employment for job-awaiting people; it is good for developing urban construction, avoiding duplication of projects and reducing building site areas; and it serves to bring economic returns in war preparedness project investment. In a word, this undertaking can meet social demands and promote economic development. What is there against it?

Some units do not look at problems from all sides and do not allow people to use people's air raid shelters located in their courtyards, nor do they use them themselves. But there are some shelters which are not fully used because some specific problems have not yet been solved. So long as they firmly grasp the work and map out a plan, some leading units can make full use of the air raid shelters to serve the four modernizations as soon as possible.

## DOMESTIC TRADE

### NATIONAL CONFERENCE DEFINES LIBERALIZED COMMERCIAL POLICIES

Beijing ZHONGGUO CAIMAO BAO in Chinese 11 Nov 82 p 1

[Article: "Liberalization of Policies Paves Way For Wider Enterprise Activity"]

[Text] The National Conference on Commercial Work closed in Beijing on 10 November.

Determined to fulfill the wishes of the 12th CPC Congress and to clear away the "leftist" influences, the conference discussed the extent to which trade policies may be liberalized and ways to breathe new life into commercial work. The conference noted that while the urban and rural marketplaces are showing signs of active trading, prosperity and stability, and the adjustments and reforms made in commerce are bringing encouraging results, certain problems remain unresolved in the domain of domestic commerce. The main problem lies in the inability of the leaders of commerce to completely divest themselves of "leftist" misconceptions and to rise up to new situations. Currently, "leftist" influences assert themselves in the following areas: 1. A lack of full understanding of the necessity to allow different economic forms to co-exist during the period of socialism, reluctance to give up the monopoly enjoyed by state-run enterprises, unwillingness to give collective and private commerce a freer hand, and inadequate encouragement, assistance and guidance to collective and private commerce. 2. Lack of understanding of the vast significance of liberalization policies as a means of stimulating the economy, incomplete solution of the problem of excessive control and inflexible responsibilities, inability of state-run commercial institutions to make better use of market forces to improve the supply and demand situation. 3. Inability to break away from the idea of "cooking rice in a big cauldron" and egalitarianism, lack of persistence in promoting the delegation of authority, inability to thoroughly do away with bureaucratism and improve customer service. 4. Lack of courage in introducing reforms into commercial management and inability to break out of old ruts, thus impeding the speed of reforms. The comrades who were present at the national conference expressed the belief that all "leftist" influences should be wiped away before any breakthrough could be achieved in commercial work and that the liberalization of policies would be the key to the eventual solution of the problems that existed in our economic structure. After repeated discussions, the conferees offered the following suggestions about liberalizing policies:

1. Liberalizing the policies regulating procurement and sales of agricultural and sideline produce: a. The policy on centralized procurement and authorized procurement of major agricultural and sideline produce items must be continued. The items that are subject to centralized procurement and authorized procurement must be procured according to pre-announced plans without fail but the number of items to be procured on authorization must be reduced step by step.
2. As soon as the agricultural and sideline items in the three categories are procured according to pre-announced plans, what is left of the items in the first and second categories may be allowed to be sold freely, without interferences. After the state commercial establishments have fulfilled their targets in procuring those items subject to centralized and authorized procurement, they must continue to conduct procurement and sales on a negotiated basis in response to the supply and demand situation at the marketplace. The prices of the merchandise bought and sold on the negotiated basis will be allowed to fluctuate. Those items that are bought on the negotiated basis may be sold on negotiation as well. c. After the procurement targets for the three categories of agricultural and sideline items subject to centralized and authorized procurement are fulfilled, what is left of the items in the first and second categories, with the exception of grains, is to be sold through as many channels as possible.

For example, grassroots supply and sales societies and stocking retailers will be allowed to make sales outside their respective county or provincial boundaries. Even producers themselves will be allowed to make "long-distance" sales. Private merchants, vendors without a fixed place of business, and vendors on horseback will also be allowed to make "long-distance" sales. Furthermore, all of them will be permitted to make both retail and wholesale transactions. The regulation that all sales outside established territories must have prior approval from authorized companies is now voided. Private and collective-owned businesses will be encouraged to set up their own outlets for selling produce and handicraft from the farms in the city. Efforts must be made to facilitate the movement of farm produce into the city.

2. Adjusting policies regulating the procurement and sales of industrial products: 1. The difference between wholesale and retail price may be enlarged with the consent from the state price-control bureaus. Grassroots retail units will be encouraged to increase their sales, starting with smaller items. Regulations will be introduced to encourage grassroots staff and workers to sell direct to consumers in the countryside. 2. Both pre-payment and installment payments will be accepted for durables as a means of encouraging consumption, which, in turn, will stimulate production. 3. Seasonal adjustment of prices will be allowed on items of a seasonal nature. 4. State plans and commercial contracts are to be strictly adhered to when items are to be traded by any of the six arrangements: centralized procurement and centralized distribution, planned procurement, procurement on order, procurement on a selective basis, purchase and sale on consignment basis, marketing joint venture between industry and commerce. No department has the authority to force any merchandise on any commercial department. While the state will take the losses from authorized price drops and price reductions affecting items covered by state plans, local authorities and enterprises themselves are to absorb the losses arising from similar situations affecting items not covered by state plans.

3. Setting a reasonable limit to the participation by state-owned commerce and freely developing collective-owned and private commerce and food-and-drink services: We must insure that collective-owned and private businesses and food-and-drink establishments get the supplies they need and provide them with guidance over customer service.

4. More flexibility for policies governing commerce in minority-inhabited areas: As long as there is no conflict with the general principle, local regulations may be introduced in Guangdong and Fujian provinces to suit special conditions as they exist.

The national conference also discussed such reforms in the commercial structure as affecting the establishment and management of specialized companies and the establishment and management of wholesale departments, reforms of rural supply and sale societies, and reforms and operation of retail enterprises. It also made certain arrangements for the procurement, sale and distribution of grain in the current year and made plans for national commerce in 1983.

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CS0: 4006/140

## DOMESTIC TRADE

### SUCCESS IN STREAMLINING FUJIAN COMMERCE REPORTED

Fuzhou FUJIAN RIBAO in Chinese 16 Nov 82 p 1

[Article by staff correspondent: "500 Provincial Financial and Trade Enterprises Show Success After Reorganization"]

[Text] Since the first of this year, a number of grassroots enterprises on the finance and trade front in Fujian Province have introduced sweeping reforms to raise their profit and improve their service, with satisfactory initial results. According to the statistics of the departments concerned, 585 grassroots enterprises, or 10 percent of the total number of such enterprises in the commerce, supply and sales, food supply, and farm implement supply systems in Fujian Province were selected as first-time candidates for trying out these reforms. Party and government leaders at all levels and the departments in charge took a strong interest in the results of such reforms. Most prefectural governments and the departments concerned formed either special leadership teams or special offices or appointed full-time personnel to supervise the implementation of reforms. In addition, some 2,000 leading cadres and key administrative personnel throughout Fujian Province were despatched to the selected enterprises to provide on-the-spot and day-to-day supervision of the implementation of reforms there.

After reforms, those enterprises selected for the first-stage try-outs, have shown remarkable improvements. Many enterprises that were "too old, too thinly spread, and too disorganized," have taken on a new look after reforms. For example, Caoyuan Supply and Sales Society in Yungan County, where, in the words of the masses, "three chaos" (Chaos in leadership, chaos in rank and file, and chaos in administration and management) and "four freedoms" (free hours, free operation, free to come and go, free to act) prevailed, has been turned around by the reforms. It is operating with much greater economy and efficiency and has chalked up much higher sales and profit figures than comparable period last year. A number of enterprises that suffered from chaotic operation and lack of discipline among the rank and file have all shown improvements in their operational efficiency, productivity and discipline after reforms.

Recently, the Fujian Provincial Finance and Trade Office called a discussion meeting for leaders of investigation teams despatched to supervise the implementation of reforms on the spot at the affected enterprises, leaders of



prefectural and municipal finance and trade offices, and leaders of provincial-level departments concerned with finance and trade matters to sum up and exchange experiences in implementing reforms at the enterprises selected for the first-stage try-outs, to analyze the conditions and problems for the implementation of reforms, and to find ways to make the reforms more successful. Those present at the meeting were determined to clear away all the problems impeding reforms and to set a higher and stricter standard for performance in order to lay a good foundation for a well-planned and systematic program to push reforms through grassroots enterprises throughout the finance and trade front.

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CSO: 4006/141

## DOMESTIC TRADE

### HUNAN COMMERCIAL WORK CONFERENCE CONCLUDES

HK220343 Changsha Hunan Provincial Service in Mandarin 1100 GMT 20 Dec 82

[Text] The provincial commercial work conference which concluded yesterday urged to further eliminate leftist influence, implement flexible policies, reform the systems and create a new situation in commercial work. The conference held that since the 3d Plenary Session of the 11th CPC Central Committee, through eliminating leftist influence and implementing flexible policies, great changes have taken place and remarkable achievements have been scored in the commercial work in this province in the fields of social commercial structure, commodity circulation channels management methods and administrative systems. However, since the leftist influence has not yet been completely eliminated, commercial work still lags behind the continuous development of the situation. The main problems are: the ideology of state monopoly in commercial work has not been thoroughly overcome and the development of collective and individual commerce has not been fully encouraged; no important breakthrough has yet been made in changing the phenomena of "everybody eating from the same big pot" and egalitarianism; no great efforts have been made to popularize the responsibility system in management, and the reform of the commercial system has been developing slowly. In view of all this, it is necessary to further eliminate the "leftist" influence, break through conventions, dredge the channels of circulation and promote purchase and sale of commodities so that the development of industry and agriculture can be promoted and a new situation can be created as soon as possible in commercial work.

In order to stimulate circulation and economy, the conference worked out some measures to readjust and improve the policies on purchase and sale of industrial, agricultural and sideline products. The range of first and second category agricultural and sideline products which are managed by the provincial financial and trade departments has been reduced from 29 to more than 10 products. Except for grain and cotton, the producers as well as collective and individual traders are allowed to transport and sell all other first and second category agricultural and sideline products after fulfilling state purchase tasks and assigned quotas, and all the third category products. The original decision, which stipulated that all transportation of agricultural and sideline products to other places should be approved by relevant departments in charge of the work, is now annulled. The 85 industrial products which must be solely purchased and sold by commercial departments under unified

plans have now been reduced to more than 70. Most of the original second-grade commercial wholesale stations have been merged into the third-grade wholesale stations of the cities where they are located. Thus, an extra link in management has been removed. All products which can be directly sold should be sold directly as far as possible, and all those which needed only wholesale links must not go through two links.

The conference also made arrangements for speeding up the reform of the commercial system. It held that the experiences gained by the Hanshou County supply and marketing cooperative through experiment in the reform of commercial system should be popularized throughout the province. The cooperative nature of the supply and marketing cooperatives should be restored and work should be done to clear up the peasants' money paid for shares and to encourage peasants to buy more shares. The system of peasant representative assembly must be restored and the country federation of cooperatives must be established. In both production and circulation, coordinated management of agriculture and commerce must be practiced. During this winter and next spring, experiments will be made in another 18 selected county units. These experiments will be completed in the first half of next year, and in the second half of the year, the reform will be carried out in an all-round way, and will come to an end by the end of the year. As to the practice of the system of being owned by the state but managed by the collective, being taxed by the state and assuming sole responsibility for profits and losses, and the system of democratic management in the small retail shops and eating houses which were set up in cities and towns by the commercial cooperatives with less than 20 or 30 staff, experiments will first be made in 16 cities before it is carried out in an all-round way.

The conference required that the broad masses of workers and staff boldly emancipate the mind, enhance vigor and lose no time to do a good job in various aspects so that they can make new contributions to promoting industrial and agricultural production, improving the people's livelihood and enlivening urban and rural markets.

The conference was held from 10-19 December in Changsha. Present at the conference were more than 400 responsible comrades from prefectural administrative offices, cities and counties and commercial and supply and marketing cooperative departments. Responsible comrades from the provincial CPC committee and provincial people's government spoke at the conference.

CSO: 4006/181

## FOREIGN TRADE

### CHEN MUHUA ADDRESSES FOREIGN CONTRACTS MEETING

OW040525 Beijing XINHUA Domestic Service in Chinese 0755 GMT 1 Dec 82

[Text] Beijing, 1 Dec (XINHUA)--The delegates to the National Conference on Contracting Foreign Projects and Carrying Out Labor Cooperation with Foreign Countries regarded contracting foreign projects and carrying out labor cooperation with foreign countries as an important way to promote friendship and accumulate capital, and said that the 12th CPC National Congress' guidelines must be implemented to ensure success in this new undertaking.

Convened by the Ministry of Foreign Economic Relations and Trade, the conference summed up China's achievements in this field since the 3d Plenary Session of the 11th Party Central Committee. In the last 3 years and more, the number of contracts on projects and labor which China has signed with foreign countries has been increasing each year. By September this year, more than 800 contracts had been signed with 43 countries and regions, with a total transaction volume amounting to more than \$1.23 billion. Twenty-three companies in China are contracting foreign projects, including the construction of highways, bridges, power stations and housing, as well as well digging, park layouts, geological prospecting, waterway dredging and harbor construction. The hardworking and law-abiding spirit of Chinese technical personnel and workers has gained favorable comment from many countries.

The conference pointed out that we have made a very good beginning in this new field of international cooperation and that the prospect is very good. Many developing nations, with rich natural resources, badly need expertise, equipment and labor. China has already established a national economic system, complete with the necessary departments. It is capable of exporting complete sets of equipment and has a fairly good technical work force. Its industrial equipment and technology are also more suitable for developing countries. As long as we can carry out the basic guidelines of "honoring agreements, assuring quality, earning small profits and esteeming righteousness," we will certainly develop the work of contracting foreign projects and carrying out labor cooperation with foreign countries faster and gain a higher international reputation.

Chen Muhua, state councilor and minister of foreign economic relations and trade, attended and spoke at the meeting. She said: Contracting foreign projects and carrying out labor cooperation with foreign countries are

important aspects in implementing the policy of opening to the outside world. Through this undertaking, we cannot only raise funds for socialist construction but also learn advanced technologies and management experiences from foreign countries, as well as promote the export of equipment and materials. Our cooperation with third world countries in this field has the characteristics of mutual assistance. It will not only promote the economic development of the countries concerned, but also strengthen China's friendship and cooperation with third world countries, facilitate the development of international relations and change the unequal and unreasonable international economic order.

In her speech, Chen Muhua urged turning companies contracting foreign projects into economic entities, conducting their operations independently and responsible for their own losses and profits. Therefore, it is necessary to train cadres and technical personnel systematically and build up an army of cadres and technical workers who are expert in one thing and good at many.

CSO: 4006/180

## FOREIGN TRADE

### SUCCESS OF XIAMEN SPECIAL ECONOMIC ZONE REPORTED

Fuzhou FUJIAN RIBAO in Chinese 17 Nov 82 p 1

[Article by XIAMEN RIBAO Special Zone Group Reporter Lin Sha [2651 3097]:  
"Developments at Xiamen Special Economic Zone in Past Year Quite Pleasing"]

[Text] The progress in building up the Xiamen Special Economic Zone during the past 1 year has been gratifying. The development of the Xiamen Special Economic Zone was approved by the State Council in October 1980. After 1 year of preparations, construction began with a ground breaking ceremony on 15 October 1981. Construction followed a "double-barreled" approach. First, the construction of the export processing zone went side by side and at the same pace as the construction of all service facilities. Second, the construction of the new export processing zone went hand in hand with the promotion of tourism and the restructuring of existing enterprises to insure that the effort in one area would complement that in another area and that the distinctive local features could be retained.

Work to lay the groundwork for massive sea, land and air support of the development effort got off to a roaring start. By now, 3 million square meters of land in the Huli Export Processing Zone has been leveled. This is 25 percent larger than the original plan has called for. Two ship berths, one for 10,000 tonners and one for 50,000 tonners, have come on stream at Dongdu New Port. Runways and taxiways are near completion at the airport and the main runway, 200-meters wide, is being paved with concrete. Within the terminal premises, a power substation, a machine room, a boiler room, and six other facilities are under construction. Water mains running 5,770 meters long have been put in at Jingdao. Two water works, one newly built and the other expanded, are each pumping 60,000 tons of water a day. The microwave building in Xiamen City is now ready for immediate occupancy while the Tongan Microwave Station has been under construction since July. The international telegraph office has commenced public services. High transmission towers are beginning to carry 11,000-volt power across the straits into Xiamen City.

As the massive construction of infrastructure was underway, active effort was made at the same time to attract foreign capital for the development of the special economic zone. In the past 1 year, a total of 40 million U.S. dollars in foreign capital flowed into the zone. The principle of "foreign capital in three categories welcome and one subsidy" was put into action.

The zone netted 1.8 million U.S. dollars in foreign-paid wages, found full-time work for 5,800 people and found part-time work for 7,800 people to do at home. Through reprocessing of imported raw materials and barter trade, more than 300 sets of advanced equipment were brought into the zone. Some existing enterprises were also modernized and made more efficient. The experiments made so far at the Xiamen Special Economic Zone have borne eloquent testimony to the foresight of the CPC Central Committee in opening Chinese-style socialist special economic zones and in opening China to foreign trade as a means of stimulating domestic economy. They have also put to rest some of the fears felt in certain quarters:

Will freer trade with foreign countries and the opening of special economic zones add fuel to smuggling? According to statistics compiled by Xiamen Customs, in the four and half prefectures (Jinjiang, Lungqi, Xiamen, Lungyen and half of Sanming) under the jurisdiction of Xiamen Customs, 10 million yuan worth of countrabands was intercepted in 1,900 smuggling cases in 1980. In 1981, only 6 million yuan worth of countrabands in 1,800 smuggling cases was seized. This marked a 40 percent decrease in the total value of smuggled goods. In this total, countrabands seized in Xiamen City itself contributed only 7 percent. This means the opening of special economic zone has nothing to do with smuggling activities. It is a matter of how well we do our jobs and how alert we are.

There was also some concern that freer foreign trade and the opening of special economic zone might fuel inflation. Events of the past 1 year have proved that prices in Xiamen City have remained basically stable. Only the prices of some food supplements have gone up a little but the rise is not one of the sharpest in Fujian Province. Compared to price increases in seven major cities in Fujian Province, that of Xiamen City falls below the medium rate.

As for the problem of ideological pollution, the increase in contacts with foreigners will inevitably lead to the spread of bourgeois ideology. However, if we can intensify our ideological and political work and step up supervision, we can still stem capitalist pollution. Through "integrated treatment," social order is steadily improving and crime rate is steadily declining in Xiamen City. Presently in Xiamen City, more than 20,000 people are taking part in after-work studies. At the special economic zone, contacts with foreigners have reached 1,000 man/sessions. All these sessions are basically aboveboard. Cadres engaged in foreign economic dealings are mostly good or relatively good.

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CSO: 4006/140

## FOREIGN TRADE

### FUJIAN'S QUANZHOU PORT OPEN TO FOREIGN SHIPS

OW251134 Beijing XINHUA in English 1115 GMT 25 Dec 82

[Text] Fuzhou, 25 Dec (XINHUA)--The port of Quanzhou in Fujian Province is to reopen to foreign ships starting from January 1, 1983, the Fujian Provincial People's Government announced here yesterday.

This is the third port open to foreign ships in this coastal province; the first two are Fuzhou and Xiamen.

Lying between Fuzhou and Xiamen, the port of Quanzhou used to rank among the world's biggest trading ports. It opened to foreign ships in the 1950s.

The port which has two operational zones is for the present confined to anchorage operations. There are five anchorages for loading and unloading of freighters between 3,000 and 6,000 tons and two floating docks for ships under 1,000 tons. Stockyards, warehouses and communications facilities are available. A commercial wharf that can berth 5,000-ton ships is under construction.

A spokesman for the provincial government said that the reopening of the port will help relieve transport pressure on Fuzhou and Xiamen and facilitate the development of tourism in Fujian Province.

CSO: 4020/34



## FOREIGN TRADE

### BRIEFS

BURMESE LEADER MEETS TEXTILE MINISTER--Rangoon, 11 Nov (XINHUA)--Burmese Prime Minister U Maung Maung Kha met here today with Hao Jianxiu, Chinese minister of textile industry. During the meeting, the prime minister said he noticed China was making progress day by day. Both sides reviewed the progress of economic and technical cooperation between Burma and China. They expressed satisfaction with the progress of some projects of economic and technical cooperation, especially some textile projects. The Chinese minister said China is willing to further strengthen the relations of economic and technical cooperation between the two countries and make contribution to the speedy development of the Burmese economy. [Text] [OWI20119 Beijing XINHUA in English 1932 GMT 11 Nov 82]

CSO: 4020/34

## LABOR AND WAGES

### HUNAN: COMMENTARY ON PERSONNEL TRAINING IN ENTERPRISES

HK010648 Changsha Hunan Provincial Service in Mandarin 1100 GMT 29 Nov 82

[Station commentary]

[Text] The experience of the Changling Oil Refinery has proved to us that only by doing a good job of personnel training along with enterprise reorganization, can we run our socialist enterprises satisfactorily. An overall reorganization in an enterprise means a comprehensive reorganization of that enterprise's work. This includes a series of work, such as the reorganization of its leading group, work force, its administrative and managerial system and the reformulation and enforcement of labor discipline. The basis for doing a good job in this work is strengthening the construction of ranks of its staff and workers and systematically training them.

The practice in the Changling Oil Refinery has proved that by regarding personnel training as an important task in enterprise reorganization and accordingly paying great attention to it, the refinery has scored remarkable achievements in building material and spiritual civilization. This is worth learning from and popularizing for all the enterprises in our province.

A small number of comrades think that the task for an enterprise is to satisfactorily develop production and there is no need to pay attention to personnel training. This is a wrong idea, for we are in an epoch of competition of scientific and technical development. Therefore, the higher the educational and scientific level of the laborers, the higher the level of development of the productive force. Thus, we will be able to obtain greater economic results and turn out a larger number of products of high quality. Without modern scientific and technical knowledge, it is very difficult for us to satisfactorily carry out modernized production. Therefore, in the process of our enterprise reorganization, we should act in the same manner as the Changling Oil Refinery and not be unwilling to advance funds and effort to satisfactorily develop personnel training in order to raise the political, educational and technical quality of our staff and workers. Only by so doing can we more satisfactorily run our enterprises.

CSO: 4006/181

## LABOR AND WAGES

### HUNAN: MEETING HELD ON TRAINING DURING REORGANIZATION

HK010610 Changsha Hunan Provincial Service in Mandarin 1100 GMT 29 Nov 82

[Text] A 5-day provincial on-the-spot meeting on personnel training in enterprises where experimental reorganization is being carried out closed at the Changling Oil Refinery on 27 November. The purpose of the meeting was mainly to learn from and popularize the experience of the Changling Oil Refinery and discuss how to satisfactorily carry out the work of training personnel along with the reorganization of our enterprises.

Since the beginning of this year, the CPC committee of the Changling Oil Refinery has regarded personnel training as a matter of great significance in enterprise reorganization, paid great attention to it and achieved remarkable results. As a result, the three good practices of studying hard, observing discipline and conscientiously taking part in production, and uniting with and helping one another and being particular about courtesy and politeness have begun to prevail and the three bad practices of loafing and chatting away the time, absenteeism or being late for work, and disputing over trifles and quarrelling have decreased.

The main experience of the Changling Oil Refinery in doing a good job of training personnel along with enterprise reorganization is heightening the understanding of the importance of personnel training by imbuing people with a strategic viewpoint and thus earnestly strengthening leadership over this work. The refinery's leading group has persisted in paying the same attention to training as to production and taking the whole situation into account in providing the personnel, funds and goods for developing personnel training. This year, it has actually begun construction of a 3,500-square meter tuition building and formed a comprehensive work force of 48 full-time teachers, which constitutes 0.6 percent of the refinery's total work force. It has treated personnel training as a part of enterprise reorganization and has stressed the following two key tasks in personnel training: The first key task is organizing cadres to study the basic theory of Marxism-Leninism-Mao Zedong Thought, enterprise management, comprehensive quality control and other modern professional technical knowledge. It has also held a number of short-term training courses to teach English, Japanese and Russian languages and to popularize the advanced science and technology of other domestic and foreign enterprises of the same nature, thus continuously raising the scientific and educational level of the staff and workers. The second key task is to pay close attention

to help the younger generation to make up missed lessons of cultural and technical education. It has organized 3,000 of its young workers into more than 70 classes at different levels, including primary school, and junior and senior-middle school levels. This manner, it made them systematically study reading and writing and other knowledge. [as published]

In developing personnel training, the Changling Oil Refinery has proceeded from the actual production situation of the whole refinery and actual educational level of its personnel. It has adopted diverse forms of education. This refinery is an enterprise with relatively complicated production technology, including high temperature and high pressure processes and processes that are apt to burn or explode and with many kind of work skills. The leading group of the refinery arranged the study in accordance with the different nature of the jobs of its staff and workers. Some people in the refinery work 5 days and study 1 day every week. Some people study 1/2 day every week. Others attend short-term full-time training courses. Still others study by themselves. Because it has taken into account the difference in its staff and workers and treated them accordingly it has speeded up the progress of the training and raised its effect.

This meeting was jointly sponsored by the provincial economic committee and the provincial staff and workers education management committee. Attending the meeting were the responsible persons of 30 enterprises, and 108 comrades from the prefectural and municipal economic committees and vocational education offices and from relevant departments of the provincial departments, bureaus and offices. Zhou Zheng, vice governor of the province, attended and spoke at the meeting.

CSO: 4006/181

## LABOR AND WAGES

### RESEARCHER DISCUSSES EMPLOYMENT SITUATION

HK180714 Beijing CHINA DAILY in English 18 Dec 82 p 4

["Opinion" column: "Ideas Offered To Reform Employment System"]

[Text] [Introduction] The following is a summary of an article on employment reform by Liu Xianghui of the Investigation Research Division of the State Economic Commission published in the bimonthly POPULATION RESEARCH. [End introduction]

China's urban and rural labour force exceeds present construction and production requirements. Although more than 37 million people were given jobs in the last five years, there are still many waiting for employment. Some five or six million new hands will join the labour force each year resulting in a net increase of three million new labour force annually after deducting those who have retired or quit. In addition, a portion of the rural population will be shifted to the cities each year and they will have to be provided with jobs.

The fundamental solution is to develop production. For the next several years we have only some 30 billion yuan to invest each year in capital construction. At our present level of industrial technology, that will accommodate only some two million workers. However, since our economic development in the next few years will depend mainly on renovating existing enterprises and the introduction of advanced technology, it will further reduce the manpower requirement, thus providing fewer opportunities for those who make their debut on the stage of employment.

We have been practicing a system of universal and unconditional employment under which the state or society will take the responsibility to provide work for every able-bodied person. The percentage of employed of the urban and non-rural population has increased from 20 percent at the time of liberation to more than 50 percent now. In some cities and towns the percentage has risen to 60 to 70 percent. There are now 34 million women working, one third of the total number of workers.

This system of universal and unconditional employment and other labour practices have brought many problems which cannot be easily solved.

The multitude of unemployed people will soon be too heavy a burden on the state and society. It will also affect the economic returns and efficiency of enterprises. The unemployed are arbitrarily assigned to various regions and departments regardless of actual production requirements. They are assigned simply for the sake of assigning and the result is that five people are doing the work of three persons.

Industries find it difficult to introduce advanced technology while government offices are swollen with functionaries. This sacrificing of the interests of production and construction for the sake of solving the problem of providing employment for the unemployed has led to a heavy drop in the speed of the growth of labour efficiency in recent years.

#### Basic Feature

The enforcement of universal and unconditional employment aggravated by lengthy terms of employment and the current retirement policy, is also responsible for the drop in quality of contingents of workers and functionaries. In most enterprises and government offices, there are invariably many old, physically weak and sickly workers and functionaries while large numbers of young people wait for jobs. The policy of letting sons or daughters replace their retired fathers or mothers renders impossible the selection of candidates who are best qualified.

We must consider the most basic feature of our country, which is that we have a population of one billion now and 1.2 billion by the end of the current century. To solve the contradictions involved in employment, it is necessary to earnestly implement the policy fixed by the Central Committee of "co-ordinating employment placement by labour administration departments, employment placement through voluntary organization on the part of those unemployed, and employment placement sought by the individuals themselves." It is our tentative idea that the following methods and measures can be introduced:

1. Employment according to need and selection of best candidates must be strictly enforced in all enterprises. Procedures for examinations and employment on trial should be observed. The enterprises have the right to fire surplus personnel.
2. Leave for female workers and functionaries should be prolonged or increased to take care of their health needs. Maternity leave may be extended to about a year. A new system of voluntary leaves for child-rearing for a period of from five to 10 years may be introduced under which the mothers may draw wages somewhat lower than their basic wages. It is estimated that the introduction of such a system may provide vacancies for 200 million prospective workers.
3. Requirements for enjoying retirement should be lowered and duration of employment should be shortened.
4. Contingents of temporary workers should be expanded and flexible working hours enforced.

## Emancipation

There are apprehensions about the abolition of the system of universal and unconditional employment. Some worry that it might affect social stability. Actually, if those who are incapable of doing complicated and heavy tasks in production are encouraged to do domestic labour and give up the positions to the young, society would become more stable and orderly.

Others maintain that encouraging women to give up their jobs to look after household duties is tantamount to asking women to return [as published] to the kitchen, which is counter to the idea of the emancipation of women. This is certainly a misinterpretation of the meaning of the emancipation of women.

For a long time we have been publicizing too much the principle of "no work in society, no food in family," which helps spread the idea of despising doing household duties. Our policy of low wages but more employment also helps drive more people to leave their families to look for jobs. This increases the burden on state and society.

There are also worries about the livelihood of those who lose their permanent jobs through the implementation of the new employment system. In this connection, the state will surely install a series of social welfare funds for labour insurance and social relief.

CSO: 4020/34

## LABOR AND WAGES

### BEIJING TU CHAIRMAN ADDRESSES CONGRESS

OW161610 Beijing XINHUA in English 1515 GMT 16 Dec 82

[Text] Beijing, 16 Dec (XINHUA)--Criticism of left errors in labor movement during and before the "Cultural Revolution" and important advances in recent years were summarized at the Seventh Beijing Municipal Congress of Trade Unions, which opened today.

Han Kai, chairman of the 2.5 million-member Beijing Municipal Trade Union Council, in his report to the congress said Beijing trade unions had gone through "severe tests" and "accomplished a tremendous task in readjusting its guideline."

The left errors he mentioned were:

--Underestimating the role of trade unions in a socialist country.

--Mistaking as "economism" the trade union's defense of workers' interests while mobilizing them to increase production and safeguard the interests of the state and the collective.

--Regarding as "unionism" the trade union's initiative under Communist Party leadership.

--Shunning as "seizing power" the trade union's demand on workers' participation in management and supervision over administration.

--Discarding intellectuals as the "bourgeoisie."

While freeing trade union work from these left influences, Han Kai said, "We also criticized the bourgeois liberalization tendencies among a small number of people."

The most significant development of the trade union work in recent years is demonstrated in its role in actively assisting the party committee to promote democratic management, as is shown in the functioning of the worker's congress and workers' election of factory leadership.



Worker's congresses, organs of decision making for production plans and supervising the administration in enterprise management, have been set up in 3,200 Beijing factories, embracing 2 million workers, 74 percent of the city's total, Han Kai said. Workers' election of factory directors and managers by secret ballot has been carried out in nearly 450 enterprises, he said.

Labor emulations and technical training are also important items on the trade union agenda, he said. More than 1,200 Beijing workers were named national or city labor models since 1979. Some 3,800 outstanding workers have formed the backbone in Beijing's citywide technical exchanges. A total of 700,000 workers, half of them under 30, are attending sparetime vocational classes. The municipal trade union council has opened a workers' evening college with an enrolment of 1,150.

Summing up past lessons in trade union work, Han Kai stressed the importance of relying on party leadership; organizing workers to learn management, economic work and Marxist theories; combining centralized administrative leadership with democratic management; attending to the immediate interests of the workers while working for the ultimate interests of the working class as a whole; and keeping to the mass line, speaking for the workers and solving their problems.

CSO: 4020/34

## LABOR AND WAGES

### REN YUQING ADDRESSES BEIJING WORKERS' CONGRESS

OW221119 Beijing XINHUA in English 0702 GMT 22 Dec 82

[Text] Beijing, 22 Dec (XINHUA)--Since the beginning of 1982, the workers' congress of the Beijing heavy machinery plant has been responsible for 50 improvements and increased production, Ren Yuqing, head of the congress, said today.

He is attending the Seventh Beijing Municipal Congress of Trade Unions, which opened here on December 16.

The 42-year-old head of the Presidium of the plant's workers' congress explained the congress has 430 members elected by the nearly 8,000 workers and staff of the factory, one of the 10 largest enterprises in China's machine-building industry. Workers' congresses have been set up in 3,200 factories in the capital.

The congress supervises both administrators and production, he said, at regular appraisal meetings. The director and deputy directors are examined once each year and heads of workshops and administrative sections twice each year.

Last year, a deputy director was reprimanded by the congress for paying no attention to factory nurseries and a bureaucratic attitude towards workers. Another deputy director was criticized for not reporting to the congress.

At the same time, the congress asked the factory's party committee to commend a third deputy director for proposals which improved efficiency and profits.

In October, the congress asked for an accounting by the director and section head of environmental protection of a 120,000-yuan fine between June and September levied by the city's environmental department. They also set a deadline for control of waste water and waste gas, projects which have since been completed, Ren Yuqing said.

The plant, in 1982, discovered in the third quarter fulfillment of its annual production plan was in trouble. At the request of the plant director, Ren Yuqing said, the congress called on workers "to make all out efforts for 100 days," which resulted in recovered production and eventual overfulfillment of the plan.

Ren Yuqing said 69 motions have been made by the congress this year, resulting in establishment of an office for economic analysis, assignation of monthly production targets one week earlier than in the past, a football playground, a women's clinic and a club for employees.

Congress members are elected once every two years by secret ballot. They must support the party's line, work hard, be popular among the workmates and willing to serve them, Ren Yuqing said.

Members continue to hold regular jobs and solicit opinions on production, daily life, rewards and punishments, he said.

The members form groups in each workshop and every quarter listen to work reports from workshop heads, checking on the progress of resolutions made by the congress, Ren Yuqing said.

CSO: 4020/34

## LABOR AND WAGES

### WORKERS' TECHNICAL COOPERATION COMMITTEE MEETS

HK160759 Beijing GONGREN RIBAO in Chinese 10 Dec 82 p 1

[Editorial: "Make New Contributions To Promoting Technical Progress--Greeting the Representatives to the Inauguration Meeting of the National Workers' Technical Cooperation Committee"]

[Text] The inauguration meeting of the China National Workers' Technical Cooperation Committee and the meeting to commend the advanced opens in Beijing today. We pay tribute to the representatives attending the meeting and to the millions of technical cooperation activists fighting on all fronts!

Workers' technical cooperation is a great undertaking of our working people. As far back as the early 1960's when our country was at the critical moment of being subjected to technical blockades from outside and finding itself in temporary economic difficulty domestically, you boldly stepped forward, voluntarily established ties with the skilled workers, artisans and craftsmen, carried out technical tackling of problems, technical exchange and technical training, shared the worries and solved the problems of the factories, mines and enterprises, manufactured the equipment urgently needed by the state, produced "creditable" products, rushed to complete unfinished projects and made contributions to overcoming difficulties. In the 10 years of internal disorder when our national economy was on the verge of collapse, you braved groundless accusations, risked your lives, persisted in rushing to deal with emergencies and tackle problems, and continued to carry out technical cooperation and make contributions. When our country entered the new period of modernization, you threw yourselves with high morale and strong fighting spirit into the four modernizations. In implementing the policy of readjusting, restructuring, reorganizing and upgrading, you have again made new contributions to tapping potential and reforming and restructuring the enterprises. As the masses have proclaimed, you have "met difficulties head on in the 1960's, taken risks and blazed trails in the 10 years of catastrophe and forged bravely ahead in building the four modernizations." You have created enormous wealth for the country and trained large numbers of technical personnel for the four modernizations. You are the worthy offspring of the working people and the pacesetters of the four modernizations.

Workers' technical cooperation is not only a great school for learning technology, but also a great school for learning communism. From the moment this

contingent appeared, it has held aloft the communist banner of "seeking for neither fame nor gain but only for communism." Many comrades do not mind working extra hours and are not concerned about pay. For years on end, they have persisted in going to the factories to tackle problems and unreservedly impart their "special skill." Some old comrades after their retirement have not gone elsewhere to earn a high salary, but still devote themselves heart and soul to technical cooperation. Some of the comrades have even used their own wages to train technical hard cores for the commune. Many young workers, after facing the world and braving the storm in technical cooperation, have developed from apprentices into engineering and technical personnel as well as leading cadres. Their advanced ideas and skills have spurred more and more skilled workers, artisans and craftsmen to throw themselves into technical cooperation. At present, more than 18,000 technical cooperation organizations at various levels have been set up throughout the country, and the number of technical hard cores has developed from a few people at the beginning to more than 400,000. These hardcores have untied with and attracted millions of technical workers to participate in technical cooperation. This has also played an important role in bringing up a new generation of people, transforming social convention and promoting the building of socialist spiritual civilization.

The 12th Party Congress has set forth to us the grand goal of "quadrupling production" and the Fifth Session of the Fifth NPC has also arranged for us the Sixth Five-Year Plan. To realize the grand goal and the Sixth Five-Year Plan, we must rely to a great extent on scientific and technical progress. To push forward scientific and technical progress, we must rely on the broad masses of scientific and technical workers and bring their role fully into play. The workers' technical cooperation contingent is also a vital force and shoulders an important responsibility. Only if the "three-in-one" combination of workers, technical personnel and cadres, the professional technical ranks and the mass technical ranks mutually cooperate and work in concert can we rapidly change the technical backwardness of our enterprises and overtake existing advanced world levels. The technical cooperation contingent has many favorable features as well as strong points. Their number is large and extensive; there are more than 20 million technical workers distributed over several hundred thousand enterprises and units throughout the country. They are directly engaged in productive labor, so have rich practical experience as well as operation skill. They can make suggestions in the light of the weak links of production, carry out innovations and tackle difficult problems. The form of their activities is flexible. In normal times, they are decentralized, stay on their own jobs and carry out minor restructuring and improvement. In time of battle, they become centralized, break the line of demarcation between types of work and trades and make use of their spare time to concentrate their forces on attacking problems. This contingent has the spirit of getting on with the job. As long as it gives full play to its superiority and fully cooperate with the parties concerned, it will be able to make even greater contributions to speed up the technical transformation of enterprises and promoting technical progress.

At present, although it is approaching severe winter, the climate in the motherland is changing all the time and there is a touch of spring in the air. All fronts, departments, factories, mines and enterprises are studying how to

create a new situation and how to realize the grand goal of the Sixth Five-Year Plan and "quadrupling production." Under this excellent situation, the holding of the All-China Federation of Trade Unions, the inauguration of the National Technical Cooperation Organization and the meeting to commend the advanced have given enormous inspiration to the broad masses of technical cooperation activists. The brand new situation and the glorious task will provide an even vaster field for workers throughout the country to display their talent to the full and to develop technical cooperation. The broad masses of workers must learn from the advanced, actively throw themselves into technical cooperation and make new contributions for the sake of popularizing and applying new technology in the technical transformation of enterprises, economizing and developing energy sources and training more technical personnel. Leading members of enterprises as well as trade union organizations must support the development of workers' technical cooperation. They must politically and ideologically, technically, professionally and materially pay attention to the growth of technical cooperation activists and help them dispose of actual difficulties which can be solved, so that they will have nothing to worry about and can devote all their energy and talent to the four modernizations. We believe that in the advance toward realizing Sixth Five-Year Plan and the grand goal, the technical cooperation activists will create even more brilliant results.

CSO: 4006/179

## TRANSPORTATION

### 'TIANJIN RIBAO' ENCOURAGES SPIRIT OF SOLID WORK

SK230413 Tianjin TIANJIN RIBAO in Chinese 23 Nov 82 p 1

[Commentator's article: "Carry Forward the Spirit of Doing Solid Work and Strive To Create a New Situation--Warmly Hailing the Successful Completion of the Open Channel To Divert Luan He Water"]

[Excerpts] From the 100-li Luan He water-diversion open channel came the happy news of its successful completion. This news is exciting and inspiring. The completion of such a formidable project within a very short period of time through the participation of voluntary laborers fully manifested the daring and great ambitions of the 7 million civilians and PLA commanders and fighters stationed in Tianjin to create a new situation in socialist modernization under the inspiration of the guidelines of the 12th CPC Congress and their high political enthusiasm and their praiseworthy spirit of doing solid work.

In order to fulfill the grand strategic objective set forth at the 12th CPC Congress, we must work earnestly and in a down-to-earth manner to make our every step a victory. We despite giving idle talk without attending to proper work and also disapprove taking blind, rash acts. What we praise is the spirit of doing solid work--to work arduously and earnestly with the revolutionary spirit and on the basis of meticulous and precise science and technology and not to seek worthless fame.

Such spirit comes from our firm confidence in our great party and party leadership core, in the success of the communist cause and in the socialist road of Chinese characteristics which we have blazed. Without such firm confidence, we will not have the thinking of creating a new situation, nor the spirit of doing solid work for the accomplishment of the four modernization. At present, some of our comrades lack confidence in the "quadrupling" grand goal and morale. What is the reason? Their way of thinking is wrong. They view things and problems one-sidedly--noticing partial, temporary difficulty and ignoring the basic conditions which play a long-term insufficient confidence leads to flabby and hesitant action. Leading a slack life in the past, a very few comrades have become accustomed to a sluggish and perfunctory way of thinking and doing things. Their lack of confidence has resulted not only from their one-sided way of thinking but also from their unadapted mental outlook. Amid the current vigorous and inspiring atmosphere, they talk about difficulty but fail

to earnestly do the work they should. If these comrades have a chance to tour and participate in the construction of the Luan He water-diversion open channel, they will certainly be educated and benefit from the vigorous scene.

The Luan He water-diversion open channel is completed. It marks not only a success in one state of the project to divert Luan He water to Tianjin but also a success in the spirit of doing solid work of the people throughout the municipality. Here, we extend congratulations and respects to the comrades who joined in the gigantic contingent of voluntary laborers. The municipal party committee and government will also accelerate their efforts to work well this year and the next. As long as we make persistent efforts, continue to display the spirit of doing solid work, refrain from giving idle talk and match our words with deeds, we will achieve better and better results in doing our work and enable people across the municipality to see with their own eyes that a new situation is emerging before us.

CSO: 4006/179



## TRANSPORTATION

### STATE COUNCIL CIRCULAR ON CIVIL AVIATION SAFETY

OWL61159 Beijing XINHUA Domestic Service in Chinese 0722 GMT 14 Dec 82

[Text] Beijing, 14 Dec (XINHUA)--The State Council's Circular on Safeguarding Civil Aviation Security

In order to safeguard civil aviation security, prevent hijacking and sabotage to civil aircraft and civil aviation facilities and effectively protect the safety of public property and passengers' lives and property, the following circular is hereby issued:

1. Unless specially exempted, all Chinese and foreign passengers traveling on international and domestic flights, their luggage and carry-on article should undergo technical security inspection before boarding the aircraft: passengers must pass through inspection doors and their luggage and carry-on articles must be checked by instruments. Body and luggage searches may also be conducted. Those refusing inspection will not be allowed to board the aircraft.
2. Passengers are strictly prohibited from carrying into the airport or onto the aircraft articles that endanger flight safety, including firearms, ammunitions, lethal weapons, explosives, inflammables as well as highly poisonous and radioactive articles.
3. Crossing enclosing walls, peripheral ditches and barbed wires and other facilities of the airport is strictly prohibited. Hunting, letting off firearms, shooting and jaywalking within the airport limits is strictly prohibited.
4. Unauthorized personnel and vehicles are strictly prohibited from the parking apron. All personnel who approach the aircraft should be supervised and inspected by escorts or guards.
5. Personnel who have not undergone security inspection are strictly prohibited from the off-limit zone of the airport terminal building. Those who are needed and thus have the approval to enter the zone should also be subjected to security inspection.
6. Criminals who hijack aircraft with violence and other means or who sabotage aircraft and civil aviation facilities by using explosives and other methods will be severely punished by the judicial authorities in accordance with law.

7. Everyone should expose criminals who plot hijacking of planes and who undermine civil aviation safety and should report them to the people's government. Units and individuals who have rendered meritorious service in preventing or stopping premediated hijacking and other sabotage of civil aviation security will be commended and awarded.

CSO: 4006/179

## TRANSPORTATION

### CHINA AIRLINES PREFULFILLS 1982 TRANSPORT PLAN

OW151237 Beijing XINHUA in English 1511 GMT 13 Dec 82

[Text] Beijing, 13 Dec (XINHUA)--China's Airlines has fulfilled its 1982 transport plan one month ahead of schedule, expecting a profit exceeding 175 million yuan, the Civil Aviation Administration of China (CAAC) said today.

Last year, CAAC made a profit of 160 million yuan.

At the end of November, CAAC's passenger, cargo and mail loads reached more than 580 million ton/kilometers, 18 percent above that of the same period last year.

With the increase of the passenger load on the Beijing-Shanghai-San Francisco-New York air route, CAAC opened early this year the Beijing-Shanghai-Los Angeles air route. CAAC has estimated that the total passenger load to the United States this year will be 16 percent above last year's passenger load.

The passenger load on the China-Japan air route has also increased since the addition of Boeing 747 flights from Beijing and Trident flights from Shanghai to Tokyo and Osaka in April.

Despite the continuation of the war between Iran and Iraq, CAAC resumed in September air service between Beijing and Baghdad via Sharjah, with most flights carrying full loads.

The administration said that CAAC has this year added flights from Shanghai, Guangzhou and other places to Hong Kong. CAAC's passenger, cargo and mail loads to Hong Kong are expected to reach 47.2 million ton/kilometers this year, up 17 percent above that of last year.

CAAC also reported a big increase in passenger, cargo and mail loads on domestic air routes. The airlines has this year opened four new domestic air routes: Beijing-Qingdao, Shanghai-Qingdao-Dalian, Lanzhou-Jiuquan-Dunhuang and Xian-Yinchuan.

CSO: 4020/34

## TRANSPORTATION

### NEW RAILWAY BRIDGE CONSTRUCTION REPORTED

#### Bridge Described

Beijing GONGREN RIBAO in Chinese 6 Sep 82 p 2

/Article by Wang Fale /3769 4099 8021/: "New Achievements in Our Nation's Railway Bridge Construction Realized"

/Text/ Since the Third Plenum of the Party's 11th Congress, our nation's railroad bridge construction effort has realized new achievements. Some new types of bridges unavailable before have been built.

On the multiple track of the Xiang-Gui Railroad between Liu(zhou) and Li(tang), our nation's first pre-stressed concrete and oblique railroad bridge was built--the Hung Shui River Bridge. The main span of this bridge is 96 meters. In the world, it is shorter only than the Second Main River Bridge in West Germany. Seventy aspects of this bridge received scientific and technical achievement awards from the Ministry of Railroads in 1981. This project was again evaluated as a superior quality project of the nation this year. Spanning the Zhuozhang River in Shanxi Province on the Han-Chang Railroad is our nation's first pre-stressed concrete and rigid frame bridge with slanted piers. It spans 91 meters across the two banks of the river. Beginning 1 July of this year, it started to serve the transportation of Shanxi coal to other places.

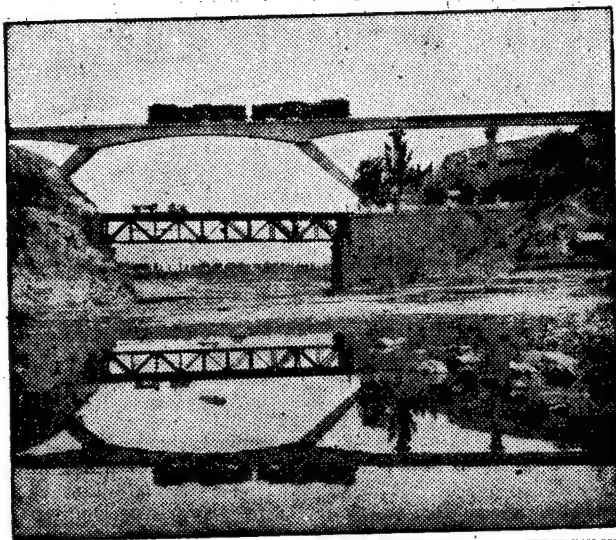
Our nation's first three-way pre-stressed reinforced concrete trough type railroad truss bridge was completed recently on the multiple track of the Jing-Cheng Railroad between Shuang(qiao) and Huai(rou). Construction of this trough shaped truss bridge conserves earth and rock and reduces the comprehensive building cost, and the bridge is suitable as a split level bridge for railroad intersdctions in cities, mining areas and regions of river networks.

#### Railway Bridge Photo

Beijing GONGREN RIBAO in Chinese 7 Sep 82 p 2

/Text/ Our nation's first pre-stressed concrete and rigid frame bridge with slanted piers spans the Zhuozhang River. Its span reaches 91 meters.

Photo by Ma Jincheng /7456 6651 2052/



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CSO: 4006/015

## TRANSPORTATION

### BRIEFS

INTERNATIONAL WATERWAYS SEMINAR--Wuhan, 18 Dec (XINHUA)--China has more than 100 inland harbors each able to handle an annual average of at least one million tons of cargo, XINHUA learned today. The number of inland waterway terminals of all sizes is more than 1,000 throughout the country, according to a report delivered by a representative of the Ministry of Communications to an international seminar on inland waterway terminals and loading facilities which opened today in Wuhan, capital of Hubei Province and a major harbor in the middle reaches of the Yangtze River. Attending the seminar are experts and officials of Bangladesh, Burma, India, the Philippines, Sri Lanka, Thailand and China, spotlighting concern of developing countries in Asia for inland water transport as a possible way of alleviating their energy problems. Upon conclusion of the two-day seminar sponsored by the United Nations Economic and Social Commission for Asia and the Pacific and the Chinese Government, participants will tour Wuhan, Nanjing and Shanghai to study harbor construction and facilities. [Text] [OWL81828 Beijing XINHUA In English 1532 GMT 18 Dec 82]

JIANGXI RAILWAY NETWORK IMPROVEMENT--Nanchang, 18 Dec (XINHUA)--Jiangxi Province will upgrade half its 1,300 kilometers of railway, construct a new locomotive depot, and raise freight capacity by 3 million tons by 1985, according to the provincial railway department. The program involves 20 projects and 355 million yuan, the department said. Jiangxi's section of the main, inter-provincial Hangzhou-Zhuzhou rail line will be doubletracked, another line from the provincial capital of Nanchang to Jiujiang will be improved, the marshalling yard at Yingtan will be expanded and a diesel locomotive depot built in Nanchang. The program, to begin next January, is designed to aid exploitation of the copper and nonferrous metals mines and tourism in the province, the department said. Five switching yards will be added and seven stations enlarged during the doubletracking of the Hangzhou-Zhuzhou line, the department said, while a new waiting building will be added in Nanchang and the capacity of the marshalling yard at Yingtan doubled to 6,000 cars per day. [Text] [OWL80345 Beijing XINHUA in English 0119 GMT 18 Dec 82]

CSO: 4020/34

GENERAL

'GUANGMING RIBAO' INTERVIEWS ECONOMIST SUN YEFANG

HK230344 Beijing GUANGMING RIBAO in Chinese 12 Dec 82 p 3

[Article by Den Jiarong [6772 0502 1369]: "Fine Qualities of a Communist Party Member--Interviewing Noted Economist Sun Yefang"]

[Text] Comrade Sun Yefang, 74-year-old, was lying ill in bed, listening to the broadcast of Premier Zhao Ziyang's report over radio on the Sixth 5-Year Plan delivered at the Fifth Session of the Fifth NPC. He never thought that Premier Zhao Ziyang would mention his name in his report. Premier Zhao said that although noted economist Comrade Sun Yefang was confined to bed, he concerned himself with socialist construction and had written a good article which stressed that we should rely on technical reform to quadruple the total output value of industry and agriculture.

At present, although Comrade Sun Yefang is still lying in bed, he continues to think about the theories of national economy and explore issues concerning the law of socialist modernization. Doctors repeatedly ask him to rest, but he firmly says: "I am an economist. If you do not allow me to think about economic issues, what should I rely upon to resist my stubborn disease and relieve myself from indisposition?"

This elderly man has no children. The only relative by his side is his old wife, Hong Keping, who was formerly a teacher and has gone through thick and thin with him all her life. (When Sun Yefang was working in a party school run by the south-central bureau of the CPC Central Committee, she came to the base area in northern Jiangsu to work as a teacher. Even now, people still call her Teacher Hong). Now, he has fallen ill and needs someone to constantly care for him. Therefore, a cable was sent to his adopted daughter Comrade Chen Zhao, who has been working in Sichuan as a medical worker for many years. On 2 November, without any reservation, she told this elderly man about his state of illness which he had learned from the doctors. The elderly man remained silent for a fairly long time, both of them not saying anything. He asked his adopted daughter to turn on the radio. He liked to listen to the music of Beethoven, Mozart, Chopin and Liszt. Those vigorous, gentle, harmonious and beautiful melodies were resounding in his ears. He always had been fond of classical music, because he feels that the rhythm of the economic movement is similar to the musical melodies to a certain extent. He worked on his article on economic theories amid these rhythms. He was imprisoned

twice, and a long time ago gave up thoughts of personal desires. He asked his adopted daughter to summon his assistants. He instructed them to note down the article he had drafted in his mind for 2 months.

This elderly man delivered a speech at the 12th CPC Congress, maintaining that it was fully possible to attain the general objective put forth by the CPC Central Committee for quadrupling the gross annual value of industrial and agricultural production during a period of 2 decades between 1981 and the end of this century. However, some people lack confidence, saying that the growth rate is too fast and that we will be liable to commit the old mistakes of exaggeration and adventurist advance. After reading his speech in the congress bulletin, a leading comrade of the propaganda department of the CPC Central Committee asked Sun Yefang to write an article discussing this issue in detail. He had this instruction at heart. Although he did not feel well at that time, he never relaxed his efforts to accomplish the task. He said again and again: "This is a task assigned by the central authorities and I must write this article well."

He firmly believes that socialism is superior to capitalism and that we will be able, sooner or later, to establish a labor productivity much higher than that of capitalism. Some people asked him: What! Do you not realize that we have suffered so many setbacks, encountered so many difficulties and undergone almost incredible hardship! Actually, he knew these setbacks, difficulties and undesirable things better than anyone else. When some people were carried away by dazzling figures, Sun Yefang, as a director of the state statistics bureau, perceived the danger hidden in the figures which rocketed overnight. During the early period when our machinery of planned economy was just beginning to move, he, as a scholar and economic worker, already detected some inflexibly, inharmonious and incoordinate sounds. Therefore, he immediately issued a warning, reminding people to pay attention to eliminating such defects. After 1964, he came under ruthless attack from all sides.

On 3 November, this elderly man summoned his assistants and instructed them to note down the article which he had drafted in his mind for more than 2 months. He urged them to help him complete the article as soon as possible, due to the fact that he had carefully prepared the draft, it only took him 45 minutes to dictate it. On 9 November, the draft was mimeographed. According to Sun Yefang's instructions, his assistants distributed the draft to comrades concerned in the economic research institute and asked them to submit amendments to the draft. On the next afternoon, his assistants returned to read the draft and amendments submitted by comrades concerned word by word, sentence by sentence. While listening to what they read, he suggested ways to alter the article. In the evening, he asked his relative to read the draft again, the person who read felt thirsty, but he was listening and pondering over problems with the greatest enthusiasm kindled by the whole energy of his life.

Economic theories attach importance to the study of the law of causation governing production and consumption and the balance between investment and production output. However, what about our economist? There is always an imbalance between his production and consumption. He produces a great deal of high-quality products, but in return only gets common energy replenishment. He



lives a very simple life. His overcoat is over 10-years-old. He feels satisfied with a plate of common dishes. He does not even have a piece of silk quilt in his home. His old wife's cigarette ashes have burnt a big hole in the sheet, but it is still being used after patching it. He is like a silkworm in spring, producing glistening silk. But nobody knows how he works his heart out in order to produce the silk.

Sleepless, long nights and careful thinking followed the silent movement of the earth. Early the next morning, he asked people to move up one side of his bed to a vertical position so that he could sit. He put the draft on a small desk in front of his chest, using his trembling and numb hand to revise the article which the people had entrusted him to write.

The article entitled "There Are Not Only Political But Also Technical and Economic Guarantees for Quadrupling Output Value in 20 Years," was published in RENMIN RIBAO on 19 November. What a tremendous strength he has provided the people with! People congratulated him, praising him for writing such a good article. Premier Zhao Ziyang also personally came to the hospital to visit him, telling him that the CPC Central Committee had just held a meeting and that Comrade Chen Yun praised his viewpoints and Comrade Yaobang thought highly of this article. Premier Zhao said: You have achieved great results in your research work and the CPC Central Committee has fully affirmed this.

With deep feelings, he said: "I have done little for the party and it is insufficient. I should do more for the party in the future!"

When he was imprisoned during the "great cultural revolution," due to the lack of paper and pen, he worked out a draft in his head concerning the "Socialist Economic Theories" which contained 183 chapters and more than 1 million characters. After the smashing of the "gang of four," many people urged him to concentrate his efforts to turn his draft into an article. He also thought that since he was already old, he should make use of his remaining years to accomplish his desire. He regarded this as a contribution to the establishment of socialist economic theories. However, there were many practical problems; problems occurring in the process of readjusting and reforming the economy in particular, which always filled his head. He said: "I simply cannot sleep well if I am unable to write articles on this subject!" The state economy was at a stage of being set to right and a period of reinvigoration would come soon. How could a communist party member shake up the pillow and have a good sleep? Inspired by such a spirit, he wrote more than 20 articles running to 300,000 characters within a short period of 3 years following the Third Plenary Session. Now, these articles have been compiled into a book entitled "Several Theoretical Problems on Socialist Economy."

Earlier this year, when people were busy celebrating the spring festival, he invited some comrades of the economic circles to his home to discuss Comrade Chen Yun's important speech on relying mainly on planned economy while making regulation by market subsidiary, because he found out that in recent years newspapers and periodicals frequently aired erroneous views which placed equal stress on planned economy and market economy. Lenin once said: "Once a party

"member finds out that certain theories are completely wrong and harmful, he should rise to oppose them." Although the views which place equal stress on plan and market or separate them from each other cannot be regarded as "completely wrong," they are liable to be harmful in practical life if they are not clarified in time. At the discussion, he stated explicitly: "I fully support Comrade Chen Yun's important speech on persisting in relying mainly on planned economy while making regulation by market subsidiary."

Recently, when I visited him in the hospital, I knew that he had asked his secretary to bring the preface of his "socialist economic theories" and relevant materials to him. He was going to write the book based on the draft worked out in his mind when he was imprisoned. He will do his best to write the book during his life time.

Some people say that people live in the world for various reasons. However, what he has demanded is only one thing: time! He said: "I hope that I still have time to work for the party!" This remark fully manifests the fine qualities of this veteran communist party member who joined the party in 1942.

CSO: 4006/180

## HONG KONG MEDIA ON CHINA

### PAPER REPORTS SHENZHEN TO BUILD AIRPORT

HK240146 Hong Kong SOUTH CHINA MORNING POST in English 24 Dec 82 p 10

[Excerpt] China has decided to build an international airport in the Shenzhen special economic zone, a leftwing newspaper published in Hong Kong, WEN WEI PAO, reported.

In a front-page article published yesterday, the paper, quoting a dispatch from Shenzhen, said that an office for the project would soon be set up.

It said the airport would probably be built at Deep Bay, because it is near the Shekou industrial area and the deep-water port soon to be built at Cihwan.

The report said site inspections and feasibility studies would begin immediately after the establishment of the office.

Experts would be engaged for the project, the report said.

Quoting unnamed sources, it added that China would ask businesses in Hong Kong, Macao and abroad to invest in the airport project, under the same favourable terms now applying to joint ventures in China's special economic zones.

Analysts said yesterday that the report, which did not quote any authoritative sources, could be based solely on intentions expressed by officials in Shenzhen.

Some aviation experts expressed surprise at the news.

They said they could not see what significant benefits would arise from an international airport in the special economic zone, as it would compete both with Hong Kong's Kai Tak airport and Guangzhou's airport.

A senior government aviation official said he believed that what the Chinese authorities had in mind was a small regional airport for cargo transport.

He said building an international airport on the scale of Kai Tak would be financially prohibitive.

Although officials in Guangdong had over the past two years made clear their intention to build an airport in Shenzhen, there had been no confirmation that one would be built.

The official said if the airport were to be a small regional one, it would not seriously affect Kai Tak's business.

Meanwhile, officials said Hong Kong's decision on whether to build a new airport depended on a major feasibility study currently under way.

Hong Kong is planned a \$7.2 billion airport on land reclaimed between Chek Lap Kok and the north shores of Lantau Island.

A government spokesman said the \$90 million feasibility study for the Chek Lap Kok airport was due for completion by the end of this year.

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END